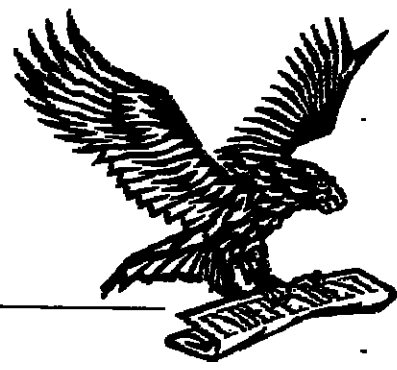


Is John Birt  
the devil?

Analysis page 13



A NEW 12-PAGE MIDWEEK SECTION STARTS TOMORROW

summer of sport



# THE INDEPENDENT

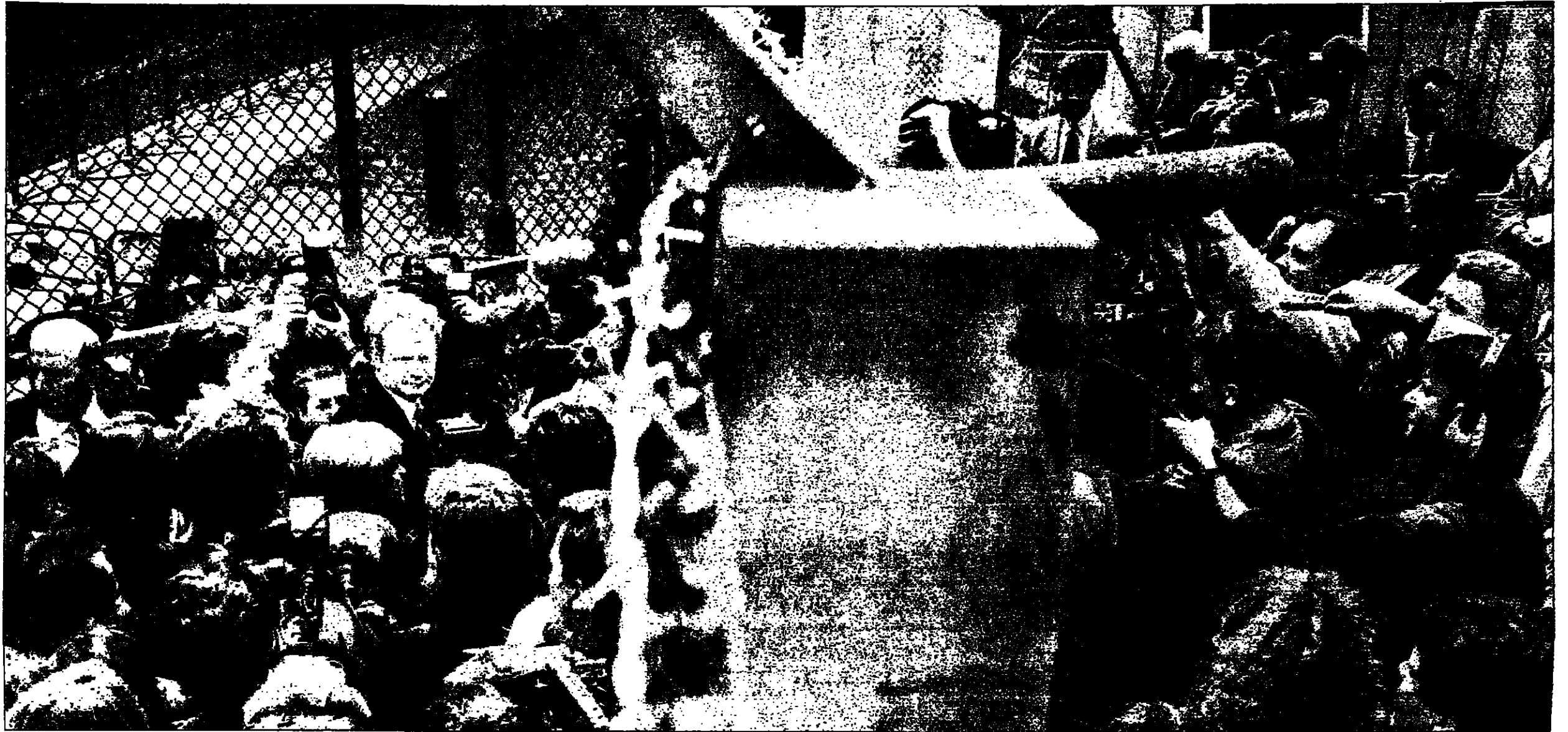
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TUESDAY 11 JUNE 1996

WEATHER Dull with scattered showers 40p (p4 45p)

David McKittrick sees the republican and loyalist spin-doctors hijack a moment in history

## The men behind the wire



Across the great divide: Sinn Féin leaders Gerry Adams and Martin McGuinness on the wrong side of the wire fence surrounding Stormont Castle after they were refused entry to yesterday's talks

Photograph: Brian Harris

Up close, it didn't feel like the stuff of history. It seemed like confusion, a disorganised melee in which, not for the first time, the republican and loyalist publicity machines, backed the Government's spin-doctors.

John Major did his best, on the first day of potentially momentous talks in Belfast, to strike a note of realistic statesmanship: he had no illusions, he said, that the talks process would not be long, difficult and demanding.

But the propaganda battle-honours of the day went to Gerry Adams and Ian Paisley, who grabbed the headlines with their finely-calculated grandstanding. Mr Adams was pictured, worldwide, as the potential peacemaker barred from the conference chamber; Mr Paisley, who cares little for the wider world and concentrates on his domestic market, was able to project himself locally as the Union's fiercest defender.

Inside Castle Buildings in suburban east Belfast, the parties and the British and Irish governments finally convened for what might or might not turn out to be all-important talks. The presence of Mr Major and

the Taoiseach, John Bruton, was meant to send the message that this was the real thing.

But, as so often before, Mr Paisley, veteran of a thousand demos, protests and headline-grabbing manoeuvres, took the proceedings by the scruff of the neck. George Mitchell, the former US Senator asked by the

opening speech, handed over the proceedings not to Senator Mitchell but to the Northern Ireland Secretary, Sir Patrick Mayhew.

Doing so averted a potential Paisley walkout, but it also introduced a new element of uncertainty as to Senator Mitchell's role in the whole

broadcast live on BBC. But, half an hour before they went on air, somebody in the Government pulled the plug and the live coverage was aborted. The Government was worried, the rumour went, about the possibility of Paisleyite heckling.

The cameras focussed instead on Gerry Adams who,

Here the cameras, which came from Japan, Norway and many other countries, dwelt on him for long and lovingly.

It went on for so long that one government press officer completely lost his cool. Abandoning the subtle points of news management, he simply grabbed one television camera

for the conference centre itself, surrounded by a crowd of perhaps 300 media people, Mr Adams speechifying all the time. While the Prime Minister was opening the talks, the cameras instead feasted on the strong, simple image of the republicans being denied a place at the table.

It was at the third and final fence that the Sinn Féin crew became, in the words of the old republican tune, the men behind the wire. The rousing drinking-song is particularly apposite for Mr Adams himself, for he was once interned and then convicted of attempting to escape from lawful custody.

On this occasion, however, he was trying to get in rather than trying to get out. A government official appeared on the other side of the chain-link fence, and several exchanges followed.

When it was finally established that, as everyone had expected, that the gate would not be opened, the Sinn Féin delegation peeled away to give an impromptu press conference, followed by dozens of interviews.

Martin McGuinness remarked that it was the biggest media scrum he had ever seen.

"I can't believe how stupid they are," one Sinn Féin member said in wonderment of the Government. "Do you know," said another, "that the Northern Ireland Office has over 40 press officers? Think of the damage we could do with that."

Gerry Adams and Ian Paisley presumably went home last

night, put their feet up and reflected on a good day's tactical work. The Government people, licking their wounds, presumably reflected that Rome wasn't built in a day, that the worst of the pyrotechnics might be passed and that, hopefully, tomorrow is another day.

Major's message, page 2



'We cannot afford to fail ... The hopes and expectations of very many people rest on the goodwill and negotiating skills and courage where necessary of the people involved in these particular talks'

John Major

'The talks offer the first chance for over 70 years for all involved, including those who have traditionally relied on physical force, to get round the same table to map out a future of peace, of justice, of hope'

John Bruton

two governments to chair much of the talks was, Mr Paisley declared, "fully in the republican camp. If he's in, I'm out".

A Mitchell-Paisley meeting was hastily arranged, but the Democratic Unionist leader emerged from it with his earlier opinion intact. Thus it was that Mr Major, having made his

process. Then, with Sir Patrick Mayhew in the chair, Mr Paisley and others tried to unpick the agenda thrashed out last week by London and Dublin. Mr Major's forecast that it could be long, difficult and demanding already rings true.

The Major and Bruton speeches were meant to be

as promised, led a large Sinn Féin team up to Stormont to demand entry to the talks. The largest media posse ever seen in Belfast recorded Mr Adams encountering gates secured with a padlock. They then filmed him circumventing this obstacle and making his way up to another set of gates.

and wrenched it off the amazed cameraman's shoulder. "Get off," said the shocked cameraman. But when he refocussed, the press officer tried to pull the wires off the back of the camera.

But the Sinn Féin retinue moved remorselessly on through the gates and headed

### QUICKLY

#### History of fraud

A huge art fraud, which is being investigated by Scotland Yard and which centres on the archives of the Tate Gallery, had been going for at least six years, the *Independent* has learned. Page 2

#### Deadly ceasefire

Hizbollah did not break the truce when it killed five Israeli troops; the Israelis did break it when they killed a Lebanese soldier: the truth is that there is no ceasefire. Robert Fisk, page 8

#### Unhealthy habits

Being afraid of needles, the need to appear macho and failing to demand good health care means that six out of 10 British men are either not registered with a GP, have never visited their GP or don't know their doctor's name. Page 3

#### £75m gift to nation

A British-born millionaire is to hand over a £75m collection of gold and silver as a gift to the British nation. Page 3

## Europeans savage Britain

SARAH HELM  
Brussels

"A huge letting off of steam," was how one official described it. "A roasting," said another. "I have never seen anything like it. They were savaged," said a third, who had watched the European counter-attack on British ministers at Luxembourg yesterday.

It was a day of remarkable and unusually strong language. "Blackmail," declared other EU ministers, wagging fingers at Malcolm Rifkind, the Foreign Secretary. "Paralysis of the union," said others. "Incomprehensible... Unacceptable." The temperature rose, and Mr Rifkind sat stony-faced and silent as they suggested that Britain was behaving illegally and that the "break-up" of the Union itself was nigh.

Jacques Santer, President of the European Commission, warned Britain at the weekend

that the moment of truth in the beef war was coming. Yesterday it seemed that the moment had arrived.

The day's proceedings had begun quietly enough. Europe's foreign ministers took their seats in the Luxembourg council room ready for what has become a familiar ritual: the reading of the British "reserve", a prelude to the announcement of further vetoes.

"I have to announce that the British government, for reasons well known to you all, is not in a position to approve points 11-25 on the agenda," began Stephen Wall, the UK's representative to the European Union. To date a total of 56 European policy decisions had been blocked. Now 16 more decisions were to be shelved, this time affecting EU relations with the rest of the world.

It was the burly Dutch foreign minister, Hans van Mierlo, who led the way. "The British say

they are suffering," he exclaimed. "But we are all suffering." There followed a furious and unprecedented attack by the 14 ministers.

Werner Hoyer, the German minister, said he feared for the whole future of European development. The great European projects, spearheaded by Germany - monetary union, enlargement - were threatened, he warned. "The British policy is a severe blow to European integration."

How could Britain justify a decision to block European Union aid to Russia, just ahead of the Russian elections? asked other ministers. What was the purpose of halting dialogue with Syria? And what of the decision to block an EU statement criticising human rights in East Timor? This was "absurd", declared Portugal and Austria.

They scorned Mr Rifkind's "concessions". Britain had decided not to block a new asso-

ciation agreement with Slovenia and had backed away from blocking money for the election in Bosnia. But what right did Britain have to set the EU's agenda? "You cannot pick and choose," said Mr Van Mierlo.

For everyone in Luxembourg yesterday it was clear that the stakes in the beef war had now become intolerably high. Mr Rifkind, clearly shaken by the vitriol, tried to counter the attacks with some signs of conciliation. "The UK takes no pleasure in this," he insisted. "We share your strong desire to conclude this."

Yet as the dust settled last night there was no sign of a ceasefire. Mr Rifkind made clear that the blocking would continue until a framework for lifting the ban was in place. And the others made clear that that would not happen until Britain had decided, as Mr Santer put it, "to play fair".

EU in crisis, pages 6 and 7

### CONTENTS

Section 1	
BUSINESS	15-19
COMMENT	11-13
CROSSWORD	24
LAW REPORT	14
LEADER	11
LETTERS	11
OBITUARIES	14
SHARES	18
SPORT	20-24

Section 2	
ARTS	9
CHESS	23
CROSSWORD	25
FASHION	14,15
HEALTH	6-8
LITINGS	24,25
LIVING	4,5
MEDIA	16-19
RADIO	27
TELEVISION	28
WEATHER	25



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## news

Trade in fakes: Scotland Yard investigation into bogus work has operated for past six years

## Fraudsters 'rewrote' art records

JOJO MOYES

A huge art fraud under investigation by Scotland Yard, which centres on the archives of the Tate Gallery, has been under way for at least six years, the *Independent* learned last night.

The three people at the centre of the inquiry, who cannot be named for legal reasons, allegedly tried to tamper with records at the British Council in order to sell a forged painting by the British artist Ben Nicholson.

Prompt action by a British Council archivist managed to alert the buyer and prevent the sale of the work, which was wrongly claimed to have been exhibited in Japan.

Several people have been arrested and released on police bail, pending further inquiries, as part of the international investigation. The fraud encompasses modern masters such as Nicholson and the Swiss sculptor and artist Alberto Giacometti.

Scotland Yard's Arts and Antiques Focus Unit is investigating evidence of the widespread sale of forged paintings, authenticated by allegedly altered records.

The British Council had been approached in writing in February 1990 by a man, using a pseudonym "John", who asked to see records of an exhibition of Nicholson work that had travelled abroad in 1954. His letter allegedly implied an association with the Tate Gallery, although it is understood that the Tate is in no way implicated in the fraud.

John, and subsequently a female "researcher", both visited the British Council archive to undertake research on Ben Nicholson and were given access to files.

Relations between the archivist and the female researcher were said to be "extremely cordial" until the archivist returned from lunch one day to discover that the researcher had gained access to archives in her absence and was holding files which she had not been given.

Shortly afterwards the archivist was approached by a prospective buyer, who showed a report which stated that the work in question had been included in a Ben Nicholson exhibition in Japan. It included "misleading" documents from files which had been photocopied.

"We were able to produce photographic evidence that although possessing some detail, [John's] work was not in fact the work in question," said Andrea Rose, head of art at the British Council. The archivist subsequently contacted Scotland Yard.

There has been a disappointing response to the national firearms amnesty. Nearly 5,000 guns were handed in to police during the first week of the amnesty.

In the month-long amnesty in 1988, which followed the Hungerford massacre, the public handed in 48,000 firearms and 1.5 million rounds of ammunition.

## SIGNIFICANT SHORTS

A Methodist chapel in Cornwall has offered sanctuary to a Hong Kong Chinese man who went on the run when threatened with deportation by the Home Office. Alfred Tong, of Camborne, near Penzance, who has lived in Britain for 17 years and has a British wife and three-year-old daughter, slept rough for three nights before taking shelter in the church at Marazion after his home was raided by Home Office officials. He fears he will never see his family again if he is deported to Hong Kong.

He was given refuge by the church minister, the Rev Allan Bailey. Though the concept of sanctuary has no legal force in this country, Mr Bailey said he hoped that public opinion would keep Mr Tong safe until his case could come up before the European Court of Human Rights. Both the Anglican Bishop of Truro, the Rt Rev Michael Ball, and the chairman of the Cornwall Methodist district have appealed to the Home Office on his behalf. *Andrew Brown*

The Home Office is confident that the total for the current initiative, provoked by the Dunblane tragedy, will rise towards the end of June. So far most guns were recovered in Strathclyde police region, which includes Glasgow, where 245 firearms were handed over, followed by Thames Valley, 219; Dorset, 198; Sussex, 182; Avon and Somerset, 181; Kent and the Metropolitan Police jointly on 157, and Lothian and Borders, 151. *Jason Bennett*

Striking firefighters yesterday rejected offers to prevent further action later this week. Fire crews walked out of stations and control rooms across Derbyshire at 9am at the start of their first nine-hour strike, called after the county council agreed to cut the service's budget by £1.3m. Army Green Goddess fire engines were on standby and emergency calls were diverted to a temporary control room at police headquarters in Matlock.

Martin Doughty, the council leader, said the authority could not afford to abandon the cuts. Compromises were offered to the Fire Brigades' Union during seven hours of talks on Sunday with the conciliatory service Acas. A second nine-hour strike is planned for Saturday, with each day of strike action costing the county council £45,000.

Tony Blair will today pledge to put the revival of manufacturing industry at the top of Labour's industrial strategy. With Michael Heseltine, the Deputy Prime Minister, due to publish a White Paper on competitiveness, Mr Blair will tell a conference at Cranfield School in Bedfordshire, that industrial success means Britain being "strong in Europe".

The Labour leader will say that companies are investing in Britain because it is in Europe, not because the Government has opted out of the Social Charter, which Labour would join. The association of Labour with traditional smoke-stack industries is totally outmoded, but Labour's commitment to manufacturing does not mean "picking winners". *Colin Brown*

The Bank of America yesterday agreed to pay £20,000 compensation to a woman who was refused part-time work or a job share after maternity leave. Kelly French, 28, who was employed as a senior clerk in the bank's Bromley branch in south-east London, claimed sex discrimination when the company insisted she resume her full-time job and then dismissed her after she refused.

Ms French argued that she was only able to work part time because of her responsibilities towards her first child. Earlier this month 35-year-old Sarah Rolls received £35,000 from IPC Magazines in an out-of-court settlement. Ms Rolls was refused a part-time job after the birth of her second child. *Barrie Clement*

Labour has a lead of 39 percentage points on education over the Tories, compared with a figure of just 12 percentage points in 1993, according to a Gallup poll. Labour sources said yesterday that its private polls showed that it was even further ahead on school standards.

The party believes its recent attack on progressive teaching methods and its criticisms of comprehensive schools have paid dividends. The decision to promote Labour education policies through newspapers which traditionally support the Government has been deliberate. David Blunkett, its education spokesman, will try to exploit the advantage in a debate in the Commons. *Judith Judd*

The Department of Health yesterday acknowledged that a national inquiry into child abuse in residential homes will be considered - but not for some time. With increasing evidence of widespread sexual and physical abuse in homes in various parts of the country over several years, there have been growing calls for a full inquiry.

A health department spokesman said: "We are aware of calls for a nation-wide inquiry into child abuse. Councils already have a duty to investigate allegations of child abuse working with the police and other agencies. While trials against former child care workers continue, decisions on an inquiry cannot be made." *Roger Dobson*

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## 'Best opportunity for peace in 25 years'

This is an extract from the text of the Prime Minister's opening address at Stormont.

Let me, at the outset, welcome everyone here today. First, the representatives of the parties who were successful in the elections 10 days ago and who have demonstrated their commitment to exclusively peaceful means.

Your presence in these talks is vital - whether you come from the Unionist or the nationalist tradition, or neither. Your success at the ballot box has confirmed your right to be here, and to participate in what, if we wish it to be so, may turn out to be an historic new start.

May I finally welcome the readiness to assist of Senator George Mitchell, General John de Chastelain and former Prime Minister Harri Holkeri. In response to our invitation, they have kindly indicated their willingness to help in those parts of the negotiations where independent chairmanship is needed. It is not an easy role but it is an indispensable one.

Today we launch a new opportunity to reach lasting peace in Northern Ireland. I believe these negotiations can give a fresh start to relations between the communities here and more widely. I hope they will prove a turning-point for the better in the history of Northern Ireland.

For too long the history of Northern Ireland has poisoned the present and threatened the future. It is time to end all that, however difficult it may be. History has involved too many victims. Too much blood has been spilled. For too long violence became so much a part of the political background that it almost began to be taken for granted. Recently we have seen what



Ian Paisley addressing the media outside the gates of Stormont Castle yesterday before the talks began. Photograph: Kevin Lamarque/Reuters

a Northern Ireland without violence can be like...

As we meet here today, the hopes and expectations of the people of Northern Ireland rest on your shoulders...

They want a life that others take for granted. They want to be able to live their lives normally, free from violence and

the threat of violence. They want jobs and prosperity. They want to be able to educate their children without fear.

They want to live their lives without restrictions, whether in shop, cinema or pub. They want to live with their neighbours peacefully and without hatred, and to be respected,

whatever their beliefs or views. Our aim was all-party negotiations. We have not entirely achieved that. One party which achieved success in the elections is absent through its own choice. I hope that wisdom will soon prevail, and that we will see an unequivocal restoration of the IRA ceasefire.

Without such a ceasefire Sinn Féin cannot be present at these talks. The British and Irish governments are entirely at one on this...

The absence of such a ceasefire, and the continuing willingness to rely on violence which it shows, is in stark contrast to the commitment to

democracy and peace shown by those here today... I believe the talks beginning today represent the best opportunity for peace in the last 25 years. I urge you all to take this opportunity with both hands. History will not forgive us if we do not.

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## Four wheels good, two wheels better



DAVID AARONOVITCH

In the 1790s the two main protagonists in British politics not only disagreed with each other about things like war, peace, Ireland and the French Revolution, but they also represented two entirely different physical types. As portrayed by the cartoonist Gillray, Charles James Fox, the radical Whig, was dark-haired, thickset, passionate and indiscreet. His opponent, William Pitt the Younger, was mousey, thin, elegant, aristocratic and detached.

Two hundred years on, and the clashes between Clare Short, Labour's Transport spokeswoman, and the Secretary of State for Transport, Sir George Young, bring the Gillray pictures to mind. Short is Fox, minus all the effeminate lacy frills - Young, looking like Charles Hawtrey on stilts, could be a rather warmer Pitt.

And on the benches behind them sit the successors of the two traditions, the patrician and the yeoman - each characterised by different sets of interests and recreations.

As we know from all the re-

cent scandals, the Conservatives are little changed from their Tory forebears. Their pastimes are shooting, shagging and bragging. The only real exercise they take is when killing animals or committing adultery.

New Labour, however, is the party of Health and Efficiency. Labour MPs' recreations read like the activities board at a health farm. They are in a constant flurry of fellwalking, mountain climbing and cycling - all with their families in tow.

Lady Olga Maitland (Con, Sutton and Cheam), personified this difference when she urged transport minister Steve Norris not to introduce tolls to enter the capital by car. Her ostensible

reason was the cost to her constituents when commuting. But a more plausible explanation was her fear that, every time her chauffeur braked sharply at a toll-booth, she would be in danger of spilling her Pimm's.

By contrast each Labour member who was called spoke out for the values of community and exercise, as against those of enervation and excess. Among those participating were Andrew Bennett ("walking"), Greg Pope ("walking") and Jon Owen Jones (the sinister "walking family"). Best of all was Labour's Anne Campbell (an exhausting "jogging, tennis, mountain-walking"), who insisted that Mr Norris congratulate companies in her Cambridge constituency for encouraging nearly all their employees to get on their bikes. Capitulating, Mr Norris revealed that he was himself a recent convert to the joys of two wheels.

Did this impress the Tory, Toby Jessel (Twickenham)? It did not. "Well, I'm not a convert," he grumped. His gripe was with the danger presented by "people who whizz along noiselessly on their cycles from behind". And you can well believe that, returning from a good lunch at the Garrick, say, one might not be in fantastic shape to avoid the perils of phantom pedalers. Mr Jessel therefore demanded the return of "good, old-fashioned bicycle bells". That way a chap may stand a chance.

Few Labour members, however, embody more completely the traditions of Cobbett's rides and Morris's rambles than our pal, Denis MacShane (recreation? You've guessed it: "family, walking"). Speaking up for cyclists, Denis was angry about the conditions around the House of Commons for "those of us who want to come with our trousers tucked into our socks. Only last week I was knocked off opposite St Stephen's entrance". Which illustrates the difference between the parties perfectly. Can you imagine the consternation in the Tory whips' office had David Mellor uttered those words? Or what Gillray would have made of it?



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Overweight, with loss of libido, failing eyesight and suffering from stress, the British male prefers to suffer than visit a doctor

# So macho, but so many men fit for nothing

GLENDIA COOPER

You feel ill. You don't recognise the symptoms. You are in pain. What do you do?

The rational response would be to see the doctor. But according to the first national survey into men's attitudes to health, if you are male you will stock up at the chemist, frighten yourself by reading medical books or gulp down dozens of vitamin pills – anything rather than visit your GP.

Fear of needles, the need to appear macho and failing to demand good health care in the way women have meant that men's health is suffering. While three-quarters of men worry about their health, the majority feel they cannot talk to their family doctor. Six out of ten are either not registered with a GP, have never visited their GP or do not know their doctor's name.

But the British male is in a poor state of health. Aware that beer bellies are not supremely attractive, the majority of men have tried to diet. Their greatest fears include weight increase, receding hairlines, loss of libido and failing eyesight and 13 per cent have resigned themselves to having cosmetic surgery in the future.

While men may think about sex every 10 minutes, on average, they have sex one-and-a-half times a week. Six out of ten said they were dissatisfied with their sex life and a quarter had had some form of sexual problem.

Men live on average six years less than women and are 50 per cent more likely to die before the age of 65. Deaths from coronary heart disease are twice those of women and 75 per cent of suicide victims are men.

However, many common male health problems such as prostate cancer, testicular cancer, infertility and cancer of the colon, could be dealt with if detected and treated early. Testicular cancer – one of the most common cancers in men aged 15 to 34 – is 95 per cent curable when detected early.

But men continue to neglect their health with the main reason being plain fear, according to a survey of 5,000 men carried out by *Men's Health* magazine. One-third of all men admitted they were nervous of medical procedures. The rest claimed that doctors "lack compassion" and tried to self-diagnose with

**Insights on the male dilemma**

- Seven out of ten men feel under stress
- Only 13 per cent of men think they are very healthy
- Sixty-five per cent say they visit the chemist rather than their GP when they feel ill
- Four per cent of men think they are very attractive
- Six out of ten men are not satisfied with their sex life and a quarter say they have had a sexual problem

**Four fitness tips for the modern man**

1. Get married. Nearly two thirds of men in a relationship found it less stressful than living alone. Interestingly, however, the reverse is true for women.
2. Indulge in aerobic exercise. This need not involve gym: it can simply mean clearing the bathroom vigorously. Or many other things; the junior health minister Baroness Cumberlege likes chasing bullfrogs around a field.
3. Eat spicy foods to speed up your metabolism. If desperate, turn to sushi at lunchtime rather than sandwiches.
4. Have children. They may be exhausting, but they keep you moving.

**Four things best avoided**

1. Passive football. Sitting on the sofa with cans of beer watching Euro '96 may be fun. But it is bad for the waistline, digestion and temper.
2. Kebabs, particularly eaten on the move. 23 per cent of men have suffered serious indigestion in the last six months.
3. Work-related boozing: drinking with office chums after work every night cannot always be put down to "making contacts".
4. Being a traditional Scot: they are among the least fit Britons. Nor is this wholly down to whisky and cigarettes: the deep fief, Mars bar was invented at Stonehaven near Aberdeen.

the help of medical books rather than visit a surgery.

Most men thought they were reasonably healthy and were able to identify unhealthy high-fat and sugar foods. This was not translated into real life, with salad and fruit coming bottom of the list of favourite foods.

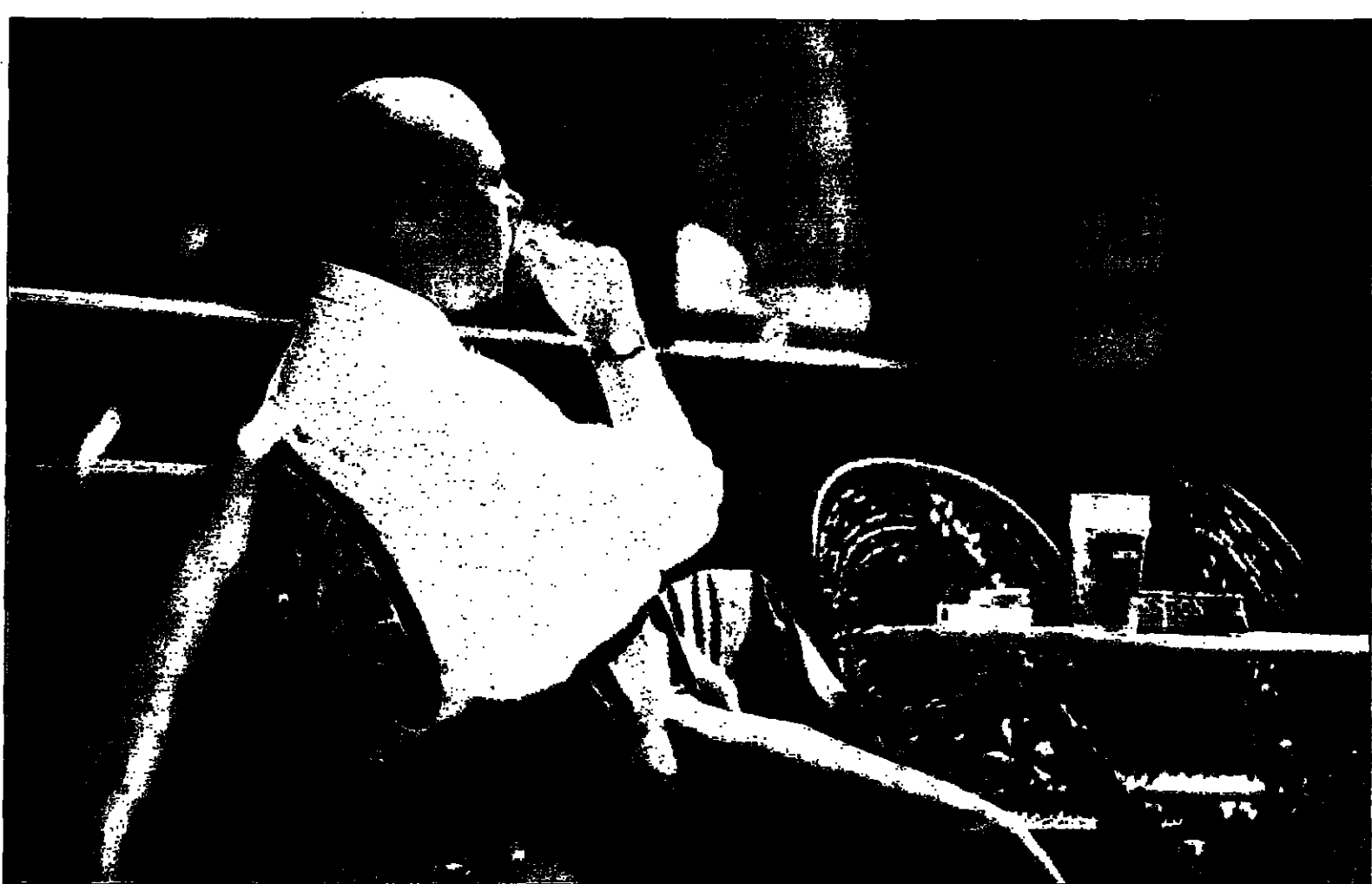
Stress was blamed for taking its toll on men's health with worries about work, money and relationships common. Seven out of ten men said they suffered from stress.

Cary Cooper, professor of organisational psychology at the University of Manchester Institute of Science and Technology, puts this down to men's insecurity about their role in the world. "Women seem to know where they are going, they have a sense of clarity about what their goals are which men don't," he said. "Men are also more vulnerable because they are not as flexible in the workplace. Women have a history of working part time or on short term contracts which is what employers want. Men feel their role is being displaced by women."

One in three men in Britain admitted to have taken time off work to escape stress an average of five days a year. Given the choice, however, three-quarters of men said they would rather go out to work than stay and look after the house.

The ones who were most content with their lives were married or in a long-term relationship. Nearly two-thirds living with someone found it less stressful than living alone. "Men are much worse at coping with stress," said Professor Cooper. "They don't have the same social support systems. They would rather go out drinking than talk about their problems. They see stress as a sign of weakness and will not admit they are under pressure."

The Health Education Authority is launching a series of initiatives this summer at football clubs and in the armed forces to try and get men to take their health seriously. And as part of Men's Health Week a temporary information helpline was launched yesterday by PPP Healthcare on 0800 335555.



Three-quarters of men worry about their health, but the majority feel they cannot talk to their GP

Photograph: Philip Meech

## Liquid-lunchers versus the iron-pumpers

CLARE GARNER

Whether they sweat it out on a stair master or sink a few pints down the pub at lunchtime, most men's diets are the same in one respect. Health matters to them – at least in theory. Even your die-hard liquid-luncher mums about how he should do more exercise, quit smoking and cut down on the beers.

Beyond that, it comes down to those who take their health by the horns and head for the gym, versus those who opt for a more traditional lunch break.

To Peter Pontidas, a trip to the doctor's surgery spells trouble. "I'd have to be very ill to compensate for the hassle of go-

ing to a GP. A lot of times, going is a waste of time. If I had flu I would just go to the chemist and get some Night Nurse, rather than queue up for two hours," said the 35-year-old banker, all set to leave another weight to the sky at Holmes Place Health Club in the City.

While John Cuthbert, 47, an accountant, is well aware of the benefits of getting a handle on his health (he hasn't had a day off sick since he started going to the gym every lunchtime three years ago) regular screening is out of the question. "No, I wouldn't go for a check-up. I don't think they are necessary. I know my heart's all right and I'm not that worried about cancer."

One relatively recent convert to the Holmes Place fitness factory, Ted Coffin, 41, a manager at BT, is thankful he landed up in a "well man" clinic. It was his first check-up, two years ago. "The GP told me to give up smoking and take more exercise. The problem the GP had was that even though I was a heavy smoker I had a huge lung capacity but I thought: 'I'm heading towards 40, let's hold it (ill health) off for a few years. I've gone from being below average to quite healthy. I don't get tired anymore and feel much more confident about myself.'"

In the smoke-filled Lord Raglan pub down the road, men are downing Guinness

with as much gusto as their fitness friends are pumping iron. But raise the subject of health and they look sheepish, their consciences pricked.

Mike Harris, an IT consultant in the City, worries about his health. He even subscribes to *Men's Health* magazine. But that doesn't stop him smoking and drinking his way through his lunch break. "At my sort of age you have to consider how you're going to stay healthy. *Men's Health* has useful articles on everything from the old prostate problems to you name it. I've heard you can go to a well man clinic, but I don't know how to get in touch with one. If I did, I'd probably go for a check-up."

Likewise, he would like to

take more exercise, but can't find the time or money. "I want to do it... it's finding the time to do it. It costs £2,000 to £3,000 a year to join a squash club or a gym in the City, so it doesn't seem worth it."

Sunning himself outside, Peter O'Hagan is the exception. Mr O'Hagan, an investment banker, believes he will stay that way. "I don't really worry about my health. I'm healthy as far as I know," said Mr O'Hagan, 29, an investment banker.

"I know all this thing about cancer and so forth but my family are all smokers. The last member of my family to die, my grandfather, was 95 and he had smoked all his life."

## Cut-price paracetamol in Asda's war on drug prices

LOUISE JURY

Supermarket giant Asda slashed the cost of one popular brand of paracetamol yesterday, in the latest round of its law-defying war on drugs price-fixing.

It halved the price of a packet of 24 Anadin Paracetamol from £1.72 to 86p, in a move which was condemned by manufacturers and pharmacists for breaching long-standing Resale Price Maintenance (RPM) laws designed to ensure the survival of small pharmacies as a public service.

The pharmacists immediately called on Asda to reverse the measure until after an Office of Fair Trading (OFT) inquiry into RPM reports later this year. Whitehall Laboratories, Anadin's manufacturers, said it was considering bringing legal action.

But Gwyn Burr, Asda's marketing director, said: "We can't sell this straightforward commodity product at this price with a straight face."

"The margins on Anadin Paracetamol are amongst the highest available to any retailer in Britain. They rank along-

side high fashion and expensive perfume."

The mark-up on over-the-counter drugs and vitamins amounted to a £300m hidden tax on the British consumer every year, he added.

Asda launched its campaign against the RPM laws last October by cutting the cost of 82 well-known brands of vitamins and minerals by up to 20 per cent.

It was forced to put the prices up again two weeks later, after an injunction was served by manufacturers Seven Seas and Roche. But the wrangle prompted the OFT investigation.

A Whitehall Laboratories spokesman said the company believed it was the "responsibility of every interested party to await the outcome of the OFT review... before taking any action".

Tim Astill, director of the National Pharmaceutical Association of 12,000 pharmacists said members believed Asda's action threatened the survival of small pharmacies, because they could not offer such discounts, even if they were legal.

"This would deprive millions of people of access not only to a full range of medicines but also to a convenient source of health-care advice and a dispensary for their prescriptions. It would especially hit the less mobile."

He was also concerned that Asda described paracetamol as a "mundane health aid".

"Paracetamol can be dangerous if too much is taken. Discounting to make people buy more shows a reckless disregard on the part of Asda for the safety of its customers."

David Dickinson, who investigates drug prices for the Consumers Association, said there was increasing evidence that the cost of medicines was putting people off buying them. Anything that made them more affordable for more people was good news.

But he wondered whether the RPM was necessary to support pharmacists. "The question is... whether consumers paying artificially high prices for medicines is the best way to keep a high street service in medicines and advice going."

Philip Evans, the associa-

tion's senior policy advisor, said supermarkets reported a 100 per cent mark-up on RPM medicines, compared with 20 per cent on groceries, although the National Pharmaceutical Association claimed only a 30 per cent margin existed on its goods.

Mr Evans challenged the motives of those supporting the RPM. The smallest independent pharmacists won 70 per cent of their revenue from prescriptions which were not affected by the agreement, he argued, and manufacturers stood to lose out if the laws which allowed them to dictate prices were abolished.

RPM laws also covered books until last year, when the collapse of the Net Book Agreement under pressure from Asda and publishers signalled the unofficial end of price-fixing in the market. This is expected to be ratified by the courts.

Although some of the prices of some books tumbled, the expected revival in trade did not take place and some publishers subsequently reported a fall in profits.

## Millionaire gifts Britain gold and silverware collection worth £75m

PETER VICTOR

A British-born millionaire is to hand over a £75m collection of gold and silver as a gift to the British nation.

Last night Michael Heseltine, the deputy prime minister announced that £15.5m from the National Lottery will be used to refurbish Somerset House, in London, where the works will be displayed.

The Gilbert Collection will be the largest ever gift of works of art of its kind to the nation. It includes gold and silverware, gold boxes and micro-mosaics – ornaments covered in tiny mosaic patterns – collected by Mr Gilbert over the past 27 years. Born in Golders Green,

north London, and now living in Los Angeles, Mr Gilbert made his millions from property development.

His collection includes pieces which were regarded as serious losses to this nation's heritage when they were exported. Until now it has been housed in the Los Angeles County Museum of Art, California, but Mr Gilbert said it had outgrown the space available.

Mr Gilbert was in England yesterday to sign a provisional agreement document with Michael Heseltine to seal the transfer although final details have yet to be worked out. He said he was delighted his collection was coming to England. "I always love England. I

only left for selfish reasons because I wanted to live in the sun," he said.

Announcing the gift Mr Heseltine said yesterday: "This is a remarkable act of generosity. It's one of the most important collections of gold and silver in the world. It's a unique collection and for it to be housed in Somerset House is tremendous for the people who have always wanted to see Somerset House opened up in the way it's going to be and have a collection of this quality."

He added that the £15.5m lottery grant would be very useful in refurbishing the Terrace Building, the section of Somerset House where the collection will be housed.

Somerset House, in the Strand, designed by Sir William Chambers, is one of London's most important Enlightenment buildings. It currently houses the Inland Revenue and the Royal Court of Justice, along with other Government departments and the Courtauld Institute.

It is hoped the new galleries will be ready for the millennium. Until then it is hoped to tour parts of the Gilbert Collection through the UK.

Mr Gilbert was given a guided tour of Somerset House last week and saw the Central Hall which would be the main focus of the exhibit. The scheme would mean that public records archives stored in the building would be moved to Sheffield.

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## news



Making a splash: Maureen Braithwaite and Wills Morgan on the lake at Kenwood House, Hampstead, north London, where they will be starring in Gershwin's opera *Porgy and Bess* as part of the English Heritage open-air concert season, which opens on Saturday. Photograph: Philip Meech

## GP reforms to revive cottage hospital care

NICHOLAS TIMMINS  
Public Policy Editor

The most radical changes in 50 years to the way family doctor services are organised and delivered were trailed yesterday by Stephen Dorrell, the Secretary of State for Health.

They could mean the revival and development of new-style "cottage hospitals" with X-ray, diagnostics, day surgery and respite beds which could provide a wide range of additional services from physiotherapy and pharmacy to mental health and care for the elderly. Private finance is likely to be used to develop them. Over time, nurses and others would be likely to gain more prescribing rights.

More GPs could be salaried, working for community trusts or partnerships, rather than operating as at present as independent contractors. Some could split their contract between day

and night services, ending the traditional 24-hour responsibility of GPs for their patients.

The traditional boundary between money for hospital and community services and that for primary care could go, with health care being funded from a single budget. That would make easier the transfer of new technologies and resources out of hospitals and into primary care – and might eventually lead to a Treasury ambition of a single, cash-limited budget for all forms of care.

In places the national GP contract could be replaced by one negotiated locally with health authorities. And the existing and complex way in which GPs are funded might go in favour of a formula for distributing the cash more fairly.

The potential transformation from the one, single national GPs contract which has existed since 1948 to a much more varied pattern in the way care is provided was outlined yesterday by Mr Dorrell in a document headed *Primary Care: The Future*. It marked, Mr Dorrell said, "a very important day in the history of the NHS".

It trails a clutch of ideas for redeveloping general practice and its associated services in a way that is likely to see them run in differing ways to suit local needs, varying between different parts of the country.

In stark contrast to the introduction of the NHS reforms in 1991, Mr Dorrell promised that a firmer "agenda for action" would be set in the autumn and then piloted to establish which changes work.

The changes would be undertaken, he said, on a voluntary basis, going ahead only where there was "professional support" for testing them and "without removing the option of continuing to practice within the current arrangements".

Mr Dorrell's approach lets him escape negotiating a new contract with the increasingly restless GPs this side of the general election. Should Labour win, it also avoids binding them to a rigid set of changes.

The GPs' traditional role as "gatekeeper" to the rest of the NHS must remain, the document says. Services must be developed against principles of quality, fairness, accessibility, responsiveness and efficiency, including clinical effectiveness. The aim is to "keep the traditional strengths of general practice" while allowing "more flexibility and greater choice" in the way services are delivered, particularly given the unacceptable variation in how well primary care is delivered around the country.

The shift from imposing changes to piloting and negotiating them was welcomed by the British Medical Association and health authorities. Dr Ian Bogle, the BMA's GPs' chairman, said he was glad ministers had listened to family doctors' worries about growing workload, unnecessary bureaucracy and worsening morale and recruitment problems. Any changes, however, would have to be "adequately resourced".

□ *Primary Care: The Future*, NHS Executive. Copies from 0800 555777.

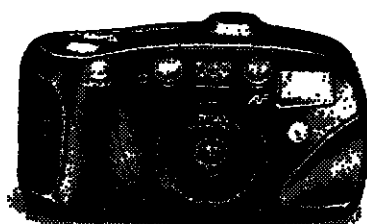


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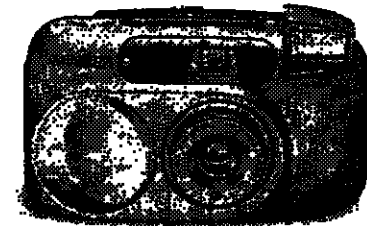
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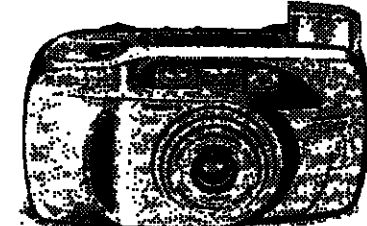
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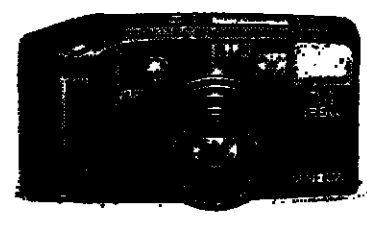
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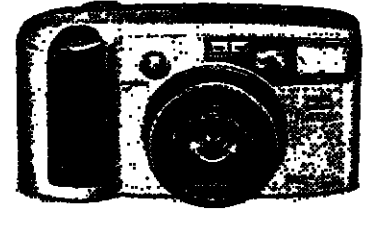
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## Labour set to cool on workers' rights

BARRIE CLEMENT  
Labour Editor

In the teeth of union opposition Labour is expected to water down its commitment to give employees the right to appeal against unfair dismissal.

While party leaders recently backed a law to give protection to workers from "day one", Labour working parties are set to amend the policy.

Faced with arguments that the industrial tribunal system could not cope with all the claims, Labour is likely to revert to a system where employees will have to work for six months before qualifying.

In a keynote speech at the GMB general union's annual conference in Blackpool yesterday, John Prescott, Labour's deputy leader, cut out a reference to awarding rights from the first day of employment. He later said that nothing should be read into the omission, but senior party figures are known to favour the six-month option.

John Edmonds, general secretary of the GMB, declared that

he would strongly oppose any attempt to tone down Labour's policy. "It would mean employers like Burger King would start using five-month contracts and if the statutory period was a month it would come down to three weeks," he said yesterday.

"If an employer takes someone on as an employee then that should immediately confer rights on that particular employee."

He said that the policy stipulating immediate protection had not been rescinded and the arguments in favour of it were "overwhelming".

Meanwhile leaders of "new Labour" were warned yesterday not to go over the heads of the big unions in forging relationships with employers.

Mr Edmonds said unions should provide the link between the party and industry. Labour's ideas of social partnership was "not just an ideal for the future", it was already a reality for the GMB. He said unions provided a "gateway for employers to talk to and understand the Labour Party's plans for the world of work".

## DAILY POEM

### Sheol

By Craig Raine

*A Polish midwife was assisting at my birth.  
And I gave birth to a beautiful girl.  
There on the stones. In my own filth.  
No soap. No cotton wool. Without hot water.*

*I went to my cot. No mattress, just a cover.  
And in the morning, Mengele.  
My breasts were bandaged up:  
to see how long a new-born lives*

*deprived of food. I had no choice.  
Each day I chewed my bread  
and wrapped it in a scrap of cloth  
I soaked in soup. A peasant dummy.*

*With this I fed my child. My God.  
The child lost weight  
and every day came Mengele.  
Soon she had no strength to cry.*

*She only whimpered, and my milk got up.  
I couldn't give her anything.  
Except, about the sixth or seventh day,  
the syringe of morphium.*

*Cui slanted like a quill.  
And warm from Matza Steinberg's hand.  
I can understand ghosts.  
How they have to come back.*

*What it costs to return  
through the bricks of a house.  
Eyes tight shut.  
Weeping, broken skin.*

Craig Raine was born in 1944 and educated at Exeter College, Oxford. Editor of *Quarto* in 1979 and subsequently Poetry Editor at Faber from 1981 to 1991, he is now Fellow in English at New College, Oxford. *Clay. Whereabouts Unknown*, (Penguin, £7.99) from which this poem is taken, is his first volume of poems in 10 years. Previous collections include *A Marian Sends a Postcard Home* (1979) and *Rich* (1984).



# Forgeries find easy access to art market

A leading 'copyist' reveals to Rebecca Fowler how simple it is to fake it in the art world

The easiest paintings in the world to forge are modern British masters, says a leading 'copyist' who makes an honest living from recreating works and pastiches of the greatest names in art history.

Leo Stevenson, 38, has emulated artists from Vermeer to Monet and Magritte. He is also expert in the processes used to create a false provenance for a work and the materials that would render the final product convincing.

According to Stevenson, painters have become less technically challenging with time. The Impressionists are in turn easier than the Old Masters, while contemporary art is the most easy to imitate, although they still demand a degree of skill.

Even Ben Nicholson, who is more 'painterly' than most, would not be relatively unchallenging. 'He's more old-fashioned than many, and you'd need to know more about tone and colour and paint. But it would be like falling off a log compared to one of the Dutch masters,' Stevenson said.

He added: 'But a work of art is only as good as its provenance, so a forger's main task is always the creation of relevant documents. This is often far harder to do convincingly than the creation of the artwork. With modern artists, the amount of information you need is relatively small.'

Stevenson protects his own works from being mistaken for the genuine article with invisible sign-offs that would be picked up by X-ray. His latest work, a copy of *The Concert* by Vermeer, which took him 700 hours to paint, includes the words 'Elvis Lives' underneath the lute.

But he is aware of exactly how the unscrupulous would create a painting from nothing to sell as an authentic work.

The first objective is to find a canvas from the right period through trawling auction houses, stripping it of paint, while it still has the correct marks on the back.

The forger would then choose a subject that the original artist had either used in a series of paintings, like Monet who painted endless versions of

the same thing, or they would focus on a gap in the artist's life. The Vermeer forgeries of the 1940s, for example, were based on the most obscure part of his career.

Stevenson said: 'Unless you are a genius, you are never going to get into the soul of the person. But if the artist did a whole series of something, it's not hard to slip an extra one in. Or if it's something the artist was known to have done, without much detail, the bait is already on the hook.'

Once the copy or pastiche has been finished, the question is how much scrutiny it will stand. While Old Masters can be tested for chemical changes in the paint, using X-ray and gas layer chromatography, the more recent works are still too young.

A number of paintings that are more than 100 years old and were presented as the works of masters have been revealed using fluorescence X-ray to be the work of minor painters. While the paintings were clearly old the signatures glowed luminously, revealing they were additions.

Among the other additions Stevenson has made to his own pastiches include the words 'Benetton' on the cloak of a figure in a work that might be mistaken for a Franz Hals, and his copy of Canaletto's *Venetian Lagoon* conceals a submarine lurking beneath the first layer of paint.

Stevenson is convinced that until the art market is prepared to wake up to the possibility of forgeries, it will remain a relatively easy art for those who practise it.

'Once something is in writing, in the catalogue or the archive, it is phenomenal the ease with which people will accept it is genuine. It's a bit like telling people not to believe everything they read in the newspapers, only ten times worse. They can be so gullible,' he said.

'But for those of us who practise copying and pastiche honestly, it is no different to a classical musician who plays someone else's music and who can get a great deal of pleasure from that. It's half-way between academia and pure artistry - and it is honest.'



Master copier: Leo Stevenson with some of the paintings he has recreated, complete with invisible sign-offs.

Photograph: Colin McKillop

From the Old Masters to contemporary art - the copyists' guide to the gallery

## The easiest

Frank Stella  
Jackson Pollock  
(pastiche only)  
Andy Warhol  
Henry Moore  
Mark Rothko



## The hardest

Raphael  
Vermeer  
Franz Hals  
Ingres  
Van Dyke  
Michelangelo



Van Dyck's portrait of Thomas Wentworth  
Trustees of Weston Park Foundation

David Lister examines the rise of pastiching as a successful modern day art form

Those who can, paint. Those who can, and want to make money, pastiche. The most overheard snippet of conversation in any self-respecting modern art gallery is: 'But I could have done that.' Behind the phrase is an art form.

Pastiching is widespread, both in its respectable, highly-skilled and lucrative guise and in its illegal, fraudulent and also lucrative guise that *Independent* investigations have uncovered. Even the name pasticheur has a borrowed-from-Montmartre feel. If pasticheurs seem to be multiplying, it could be because some 20th-century art has proved a relatively easy number to pastiche.

In the late 1960s, American researchers fed the details of paintings by Paul Klee into a computer programmed to detect patterns in shapes and colours. After analysing the paintings, the computer was able to generate more 'school of Klee' originals. Prints of the genuine Klees and the machine Klees were then given to art students to see if they could tell which were which. The results showed that they could not.

When they were asked to interpret the paintings, they found no difficulty in doing so if they were told one had been produced by a human hand, but when told a picture was computer-generated, they said that no interpretation was possible. Oddly, despite that success, computers have been only sparingly used in pastiching famous artists.

Questioning art students and drawing experts, a shortlist of artists ripe for pastiching emerges. Jean Miro's flat, spoggy, childlike shapes were cited frequently. Rothko's blurred, soft discs of colour were another popular choice.

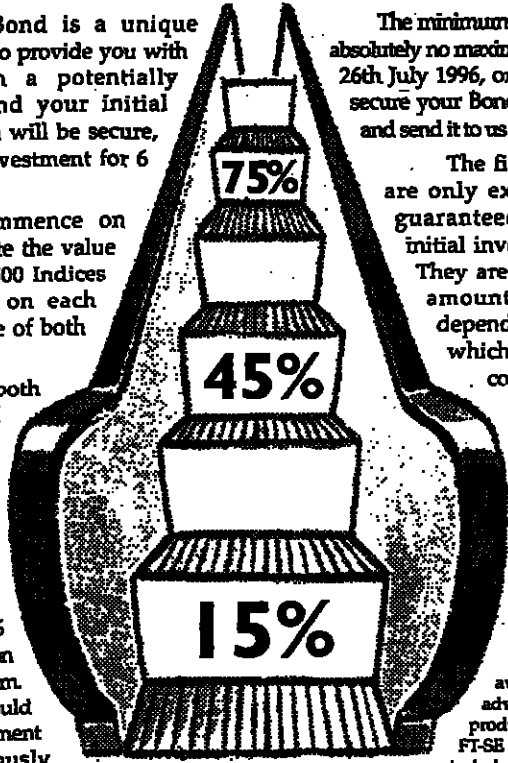
But the success of installation art means that copyists and pasticheurs are also having to adjust. Contemporary pastiche needs less of an eye for stylistic idiosyncrasies than hitherto. But it does demand contacts. If you can cultivate the chap at the local slaughter house for a deceased cow, and chat up the security guard at the morgue for a tub of formaldehyde...

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## europe

Crisis in Europe: Right-wingers in meeting with Sir James Goldsmith pledge to back Bill Cash on eve of crucial vote

## 100 rebel MPs to defy Major on referendum

DONALD MACINTYRE,  
COLIN BROWN and  
JOHN RENTOUL

Up to 100 Tory MPs are expected to take part in a show of strength by Euro-sceptics today in the Commons in a move which will make it more difficult for John Major to retreat from the policy of non-cooperation in Europe.

The Prime Minister will risk facing a rebellion by seeking support for his European strategy in a Commons debate next week before the European Union summit in Florence at the end of the month. It was seen last night as an attempt to rattle the party.

Tory MPs will today defy their whips by voting for a Bill introduced by Bill Cash, a long-term opponent of the Government's approach to Europe, calling for a referendum on moves towards a federal Europe.

The vote is likely to underline the growing support among Tory backbenchers for the Prime Minister's tough stand over the beef ban in Europe.

The Ulster Unionist leader, David Trimble, has thrown his weight behind the Bill, in a warning to keep his party on board if Mr Major wishes to maintain its support in a confidence vote.

The Bill has no chance of reaching the statute book, but

the extent of the support will further alarm the pro-European Tory MPs who have been effective in lobbying the Foreign Secretary, Malcolm Rifkind, to soften his blocking policy in Europe by rewarding those countries who support lifting the ban on British beef.

The pro-Euro MPs want Mr Major to call an end to the blocking action before the Florence summit, but today's vote will make it clear to the Prime Minister that he could face trouble from more than half the Tory backbench if he retreats without a convincing victory.

The rebels' numbers were being swelled last night after a warning by leading Euro-sceptics that their only hope of overturning a challenge by Sir James Goldsmith's Referendum Party was to back Mr Cash's Bill.

That became clear as Norman Lamont, the former Chancellor, and other senior Tories, including Mr Cash, joined Sir James at a meeting of the Conservative Philosophy Group at the home of Jonathan Aitken, the former Treasury minister.

John Redwood, a leading Euro-sceptic, refused an invitation to the grounds that it would discuss the prospects for withdrawal from the EU. Mr Redwood said he was in favour of a "single market, not a single state", but was not seeking withdrawal.

One Euro-sceptic said yesterday that a vote for Mr Cash was a "necessary but not sufficient" condition of persuading Sir James not to field candidates in an MP's constituency.

Members of the Philosophy Group heard a presentation of the arguments for and against Britain leaving the EU from Mr Lamont. Regular attendees at meetings of the group of fashionably right-wing politicians, journalists and academics include David Davis, the Europe minister, Iain Duncan-Smith, the Euro-sceptic MP, Paul Johnson, the journalist, and Roger Scruton, the right-wing thinker.

## 'Crazy' policy threat to fish

Fisheries minister Tony Baldry yesterday hit out at Europe's "crazy" fishing policy, which he said was a licence to foreign boats to plunder Britain's precious national stocks.

He warned the Brussels Commission that British agreement to slim down the trawler fleet on conservation grounds was out of the question while "quota hopping" continued.

The Government is still smarting from a European Court ruling, which outlawed measures to keep UK fish in British hands.

The judges effectively sanctioned companies being set up in the UK by other EU trawlermen, mostly Spanish.

This enables them to qualify for British licences and a share in Britain's quota of European fish stocks.

Mr Baldry is insisting on a remedy to keep out the foreigners, with changes to the EU treaty if necessary.

"Fishing is not part of the single market. We have national quotas and they should be for national fishermen," he said, following talks with fellow European Union fisheries ministers in Luxembourg.

"We have the ludicrous situation of Spanish boats with Spanish crews and Spanish skipper leaving Spanish ports to fish in our waters and then returning to port to land our fish. It comes off the UK quota, not their own. It has to be stopped," he declared.

Until a halt is called, Mr Baldry says the further belt-tightening demanded by Brussels, a minimum 40-per-cent reduction in the size of the 10,000-strong British trawler fleet, is "wholly unacceptable and wholly unsustainable".

Only about 150 foreign-owned vessels are involved in British waters but they take a substantial share of the UK's annual quota: forty-six per cent of hake, 29 per cent of mackerel, 44 per cent of plaice and 18 per cent of sole have gone abroad.



From left: Labour's Austin Mitchell, Dennis Skinner; Tory Teddy Taylor, Teresa Gorman

## Old guard's stand on withdrawal gains favour

JOHN RENTOUL  
Political Correspondent

Now that the taboo on discussing the option of Britain pulling out of the European Union has been broken, the old guard of anti-Europeans find their long-neglected arguments suddenly respectable.

William Waldegrave, the Chief Secretary to the Treasury, triggered the latest wave of speculation that this could become an issue at Cabinet level when he said 10 days ago: "Of course Britain could be outside the EU if it wanted to be."

It turned out that he was in fact only stating the obvious rather than saying, as some MPs are in private, he felt Britain had nearly come to the position where withdrawal should seriously be contemplated. That is what Norman Lamont and Jonathan Aitken said after they left the Government.

The backing of former Cabinet heavyweights means that the "Westminster Eight" are beginning to march out of the wilderness. The eight Tory MPs, who were excluded from the parliamentary party for six months until a year ago, are currently on tour speaking on platforms entitled "In or Out?"

All eight argue that Britain should leave the EU. Five have declared that Britain should leave immediately, including Sir Teddy Taylor and Sir Richard Body, who rebelled against the whip to vote against going into the European Economic Community in 1971, but also more recently elected MPs

such as Teresa Gorman. The other three say that Britain should first try to renegotiate the terms of its membership.

On the Labour side of the House, membership of the Labour Common Market Safeguards Committee is still falling, but it has restyled itself the Labour Euro Safeguards Campaign and stepped up its activities.

The group gave up campaigning explicitly for Britain to pull out of the EU some years ago, but is now divided over whether it should now start again. Austin Mitchell, MP for the fishing port of Grimsby, is also a patron of the Campaign for an Independent Britain. And Dennis Skinner has consistently opposed Britain's membership of the EU through all his party's changes.



James Goldsmith: Meeting with leading Euro-sceptics

Photograph: Edward Webb

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Jack Poos, foreign minister of Luxembourg, "Britain is copywriting article 5 of the Treaty," said Mr Poos, again referring to the obligation in the Treaty of Rome requiring member states to further the cause of the union. "If others follow the British methods you might as well declare the European Union dead and buried." He went on: "It is time to defuse the atmosphere. We must not seek union in Florence, but the ball is firmly in the EU Court."

Most of the measures Britain has blocked are uncontroversial decisions or proposals that Britain had actually intended to support before Jim Major announced the non-co-operation policy. Indeed, the blocked measures, now numbering over 70, show the EU going about its business in a rather humdrum, routine fashion. Where, one wonders, is the threat to national liberties?

There are, however, a few important blocked business concerns versus "terrorist" and drug-trafficking. These are areas where Britain has been demanding strong action.

Michael Howard, the Home Secretary, noted last week that the Government's policy means that at a meeting of EU justice ministers he would have to block some "useful measures, many of which we broadly support".

So Britain's national interests, according to the Government, are in not doing things we want to do, and doing nothing we would not have wanted to do. The Government's hypocrisy in the Tory party has been revealed. *Jim O'Grady* for *Irish News*.

**Among the 70 measures blocked:**

- A proposal to combat illegal employment of immigrants in the EU
- A recommendation to promote equal treatment for women seeking senior jobs in business
- A plan to grant more spot-check powers for EU anti-fraud inspectors
- EU participation in an international law enforcement academy
- A conclusion that the Commission should continue producing demographic studies
- A motion demanding 1997 the European Year against Racism
- The 1997 budget for the Drugs Unit of Europe
- A plan to maintain low sales taxes on Dutch cut flowers
- Steps to create law enforcement "centres of excellence" for tackling terrorism
- A decision to harmonise training certificates in EU

### Measures that Britain has let through:

- \*An F1 association agreement with Slovenia

**NICHOLAS SCHOON and  
PAUL FIELD**

The Government believed the epidemic continued because the ban was defied by

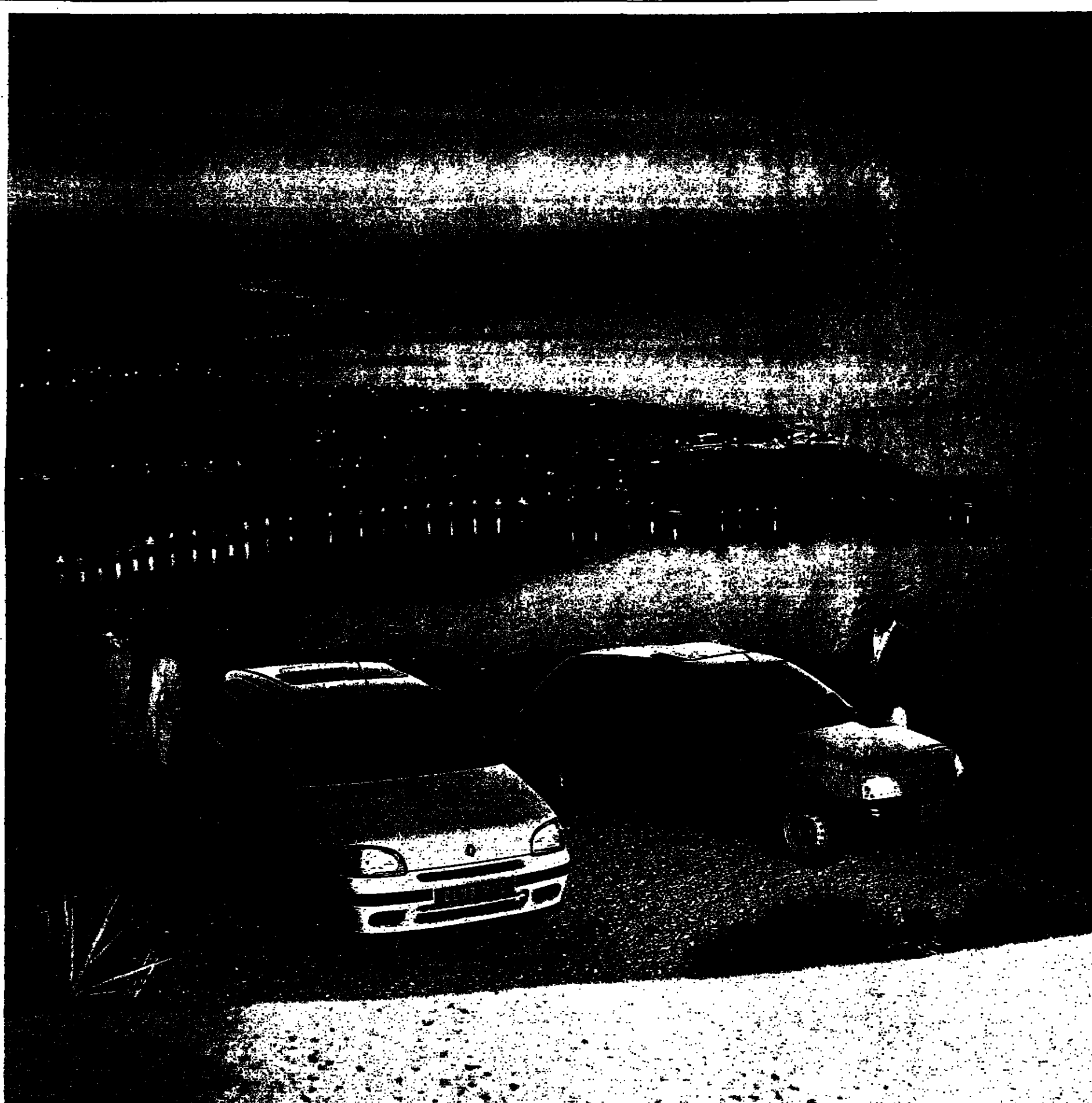
agency has visited Sweeney Mills on a daily basis over recent weeks and is satisfied with its standards.

**CHARLES ARTHUR**  
Science Correspondent

However, the only way to confirm the diagnosis would be to remove a small sample of brain tissue - a procedure which the Southern General Hospital said it has ruled out.

The test used to make the diagnosis was developed by Dr

A hospital spokesman said yesterday: "There are neurologists in the Institute who would say that without a biopsy, it's impossible to accurately diagnose CJD while a person is alive." He added that Professor Behan "is perfectly entitled to his view" in making the diagnosis.

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## international

Lebanese carnage: Death of five more soldiers shows Israel will continue to pay dearly for occupation zone

## Hizbollah killings blow truce to shreds

ROBERT FISK  
Beirut

In the most devastating attack staged by the Hizbollah inside southern Lebanon this year, five Israeli occupation troops were killed yesterday and another six wounded. However, the guerrillas appear to have stayed within the terms of the ceasefire accord, which Shimon Peres's government agreed six weeks ago. By contrast, the Israelis seem to have broken the agreement when they retaliated by firing 80 shells across Lebanon, killing a Lebanese army sergeant and wounding three civilians. As a Lebanese friend put it a few hours after Israel's latest losses in Lebanon: "The ceasefire is holding - the fighting continues."

In reality, of course, there is no ceasefire. The unsigned paper that Israel, Syria, Lebanon and the United States approved to allow Mr Peres to escape his bloody Lebanese adventure six weeks ago is already ignored by both sides. The much-trumpeted US-French-Syrian-Israeli-Lebanese ceasefire "monitoring group" is non-existent.

The State Department, so the Lebanese have been informed, has even told Israel that it does not have to abide by the terms of the truce but can "hit back" whenever it wants if its soldiers are attacked in occupied southern Lebanon.

Yesterday, it did just that. It was 5.30am when the Hizbollah men inside the Israeli occupation zone in southern Lebanon attacked a patrol returning from the artillery compound on a hilltop at Dubsheh, firing at them with heavy machine guns and rocket-propelled grenades. Some reports said that the Hizbollah continued firing with Israeli-made mortars, weapons that were given to the Lebanese Phalangist militia who fought for Israel during the 1975-90 civil war but who later sold their armoury to the highest bidder - and that the battle lasted for at least an hour. Within minutes, Israeli artillery had opened fire at villages east of Nabatieh, killing the Lebanese soldier

who was stationed at an army checkpoint outside the town and wounding the three civilians. In all, the Israelis fired 80 shells into the Nabatieh area.

UN troops described the initial attack, which the Hizbollah claimed was further retaliation for the Israeli massacre of civilians at Qana on 18 April, as a "major confrontation".

The offensive, the bloodiest since Binjamin Netanyahu won the Israeli election by promising increased "security" for Israelis, means that the prime minister-elect in his first days in office will confront the same military problem as his predecessor, Mr Peres: the cost of occupying one tenth of Lebanon, while maintaining that any resistance to that occupation constitutes "terrorism".

It is a price that is likely to climb much higher, and which threatens to plunge Lebanon into another bloody confrontation with Israel.

We may have to wait a little longer for "Operation Grapes of Wrath Part 2" but the "ceasefire" track record shows all too clearly how damaging is the Hizbollah's war against Israeli occupation. A glance at the events of the past 10 days also shows just how preposterous were the original terms of the truce. On 30 May, even as Israeli votes were still being counted, two command-detonated bombs in the occupied town of Marjayoun killed four Israeli soldiers, including a colonel, and wounded another seven and a Lebanese militiaman in Israel's proxy South Lebanon Army.

This appeared to breach a clause in the ceasefire agreement, which stipulated that "civilian areas" will not be used as launching grounds for attack. But Marjayoun is inside the occupied zone and may not have been considered a civilian area. Since a local journalist was also wounded by the second bomb, however, this was a violation of the truce.

Next day, Israeli planes bombed a Hizbollah arms dump near Baalbek, almost 70 miles from Marjayoun, wounding three Lebanese civilians, an



The war goes on: Israeli army medics rushing a wounded soldier from the site of the Hizbollah attack in south Lebanon

Photograph: Reuters

## Guerrillas make presence felt in blood

PATRICK COCKBURN  
Jerusalem

Israel has seldom been fortunate in Lebanon. It was in an early foray across the Lebanese border against the Vichy French in 1941 that Moshe Dayan, Israel's most famous soldier, lost his left eye to a sniper, requiring him to wear what became the world's most famous eye patch.

Subsequent Israeli intervention has never produced the results expected. The ambush of an Israeli patrol by Hizbollah guerrillas early yesterday morning, in which five soldiers were killed and eight wounded, underlines the failure of the 17-day Israeli bombardment of south Lebanon in April. "We were completely surprised," one of the wounded men told Israeli radio.

It is the second ambush since the Israeli election, bringing to nine the number of Israeli dead. Both attacks show careful planning, good intelligence

and the use of well-trained guerrillas. Israeli military sources confirmed Hizbollah's claim that an entire patrol from the Nahal infantry brigade, returning to its base near Beaufort castle, was killed or wounded.

Shimon Peres, the Prime Minister, said the attack in Lebanon was "serious" and Israel would "respond at a time and place of its own choosing". After flying to south Lebanon



Relatives carrying the body of one of the Beit Shemesh victims

he later met Binjamin Netanyahu, the prime minister-elect, to discuss events there. Mr Netanyahu won the election by promising "peace with security" to Israelis. In office he may respond to Hizbollah attacks by air strikes against targets in parts of Lebanon held by Syria.

The ambush in Lebanon came a few hours after two Israeli settlers, Efrat and Yaron Unger, from the militant settlement at Kiryat Arba near He-

bron, were shot dead in their car at Beit Shemesh in Israel. Their nine-month-old son, Ishai, survived unharmed.

The killing of Mr and Mrs Unger, both Orthodox Jews, may make it more difficult for Mr Netanyahu to redeploy Israeli troops from Hebron. "I think a suitable answer to such a terrible event should be to hold the land more strongly with our fingers and with our nails deep, deep in the earth," said Uri Dasberg, Efrat's father. Her mother Judith said: "We hope they are the last victims of the Oslo accord."

The couple were killed as they returned from a wedding late on Sunday night, but they were still within Israel when the attack occurred.

Unlike the other West Bank towns Israel forces have yet to withdraw from Hebron, a city of 100,000 Palestinians in the heart of which are 450 Israeli settlers. Israeli troops forced Palestinian shopkeepers to

close their shops yesterday saying they feared retaliation by settlers. Meanwhile in Gaza the Palestinian authorities have once again arrested Yassir Sarraj, the leading Palestinian human rights activist who was held for nine days last month after sharply criticising the government of Yasser Arafat for carrying out arbitrary arrests and torturing suspects. Mr Sarraj was picked up at his Gaza City home on Sunday night by eight Palestinian policemen who gave no reason for his arrest.

Khalid Kidreh, the Palestinian attorney general, said Mr Sarraj, the head of the Palestinian Commission for Citizens Rights, would be questioned for 48 hours, but declined to say why. Mr Sarraj's original offence was to give an interview to the New York Times in which he said Mr Arafat's government, established in Gaza in 1994, was corrupt and dictatorial.

government will Mr Netanyahu realise that he is trapped by the ceasefire agreement so desperately sought by his predecessor, a truce which permits Hizbollah men to strike at Israeli occupation forces, just as it permits the Israelis to strike at the Hizbollah? "It's going to be a bad year," a UN officer commented bleakly yesterday. And that is putting it mildly.

How much mileage they can extract from it is unclear. Although the files are highly sensitive, containing background material running to 20 pages compiled by the FBI on people in public office, the White House appears to have progressed no further through the alphabetically ordered list than the letter G - including such luminaries as the former Secretary of State James Baker but hardly suggestive of a comprehensive search to discredit potential opponents.

And although few deeds by the White House raise more hackles among the press and rival politicians than misuse of the FBI, public opinion here may be no more impressed by the latest controversy than it has by three years of Whitewater and other allegations of skulduggery.

Polls, for instance, show that less than 20 per cent of Americans regard Whitewater as a "very important" matter. Sundry other Congressional probes may utilize the Washington cognoscence, but they leave the general populace stone cold.

However, the fewer the chinks in Mr Clinton's policy armour, the more Republicans will turn to the ethics issue to fight their way back into a contest whose dynamics are illustrated by the President's current trip to California.

Once again Mr Clinton is stealing Republican clothes, stressing his concern over illegal immigration across the Mexican border, and boasting of the sharp decrease in serious crime, not only in Southern California but a host of large American cities.

And the policy is paying off. As Mr Dole signally fails to capture the country's imagination, the President continues to enjoy a 20 point lead in California, and is ahead in other western states he won in 1992, including Washington, Oregon, Colorado and New Mexico.

Phil Davison

## Cats' conversion on ice unleashes rat fever

Ice in Florida? Well, there's the crushed stuff they serve in the local "rum runner" cocktail of Bacardi and fruit punch. But the closest Florida gets to snow is the annual winter influx of "snowbirds" - ageing, rheumatic New Yorkers who like the idea of a swim or a round of golf in February.

So why is the Sunshine State going through a serious bout of ice mania? Because the Florida Panthers, an ice-hockey side only three years old, is in the Stanley Cup finals, that's why. To the uninitiated, that's the ice hockey equivalent of football's World Cup. And it's long been dominated by teams from

Canada or the chilly northern United States.

Actually, it's not so much ice-hockey mania, since few Floridians had the foggiest idea what the sport was all about until recently. It's more a case of what the locals call "rat fever". Or maybe just a perfect excuse to feel good and party.

The Panthers, founded in sun-soaked Miami in 1993 to the snarls of the rest of the ice hockey-playing world, began with the obvious logo - a panther, printed on their jerseys and their goaltender's helmet. They were known as "the Cats".

The team was widely seen as a bunch of cast-offs, poorly

## FLORIDA DAYS

paid and known in the sport as "muckers" rather than "finest" players. That is, until a funny thing happened to one of them in the Miami Arena dressing room last October before the first home game of this season.

Right-winger Scott Mellanby found a rat in his locker room and whacked it stone-dead with his stick. He went on to whack in two goals in the game, killed by his teammates as a "rat-trick". The Cats immediately got a new nickname - the Rats - and went from strength to strength.

When they beat the Pittsburgh Penguins to reach the Stanley Cup finals, some critics suggested it may not have been down so much to their skill as the psychological impact of hundreds of rats tossed onto the ice by Florida fans during breaks in play. The black rats were plastic but it must have been unnerving for the Penguins.

Pittsburgh goaltender Tom Barasso took cover under his net. Floridians who had long switched between the Dolphins American football team in winter

and the Marlins baseball side in summer were consumed by "rat fever". Pizza Hut had to hire three times as many delivery drivers during Panthers' games. The Publix supermarket chain sold out of rat-shaped cakes as fast as they could bake them.

The Dan Marino's bar, named after its Dolphins' football player owner, was inundated with demand for its new drink, the Ratshotter (Jaegermeister schnapps with peppermint).

As surprised as anyone else by the Panthers' success, the Miami Herald newspaper decided on the opening day of the Stanley Cup finals this week to explain what ice hockey was all about.

"The primary objective of the game is to score goals while preventing your opponent from doing the same," it explained in a special pull-out guide.

The Panthers' owner, Wayne Huizenga, showed up at matches with a real-looking white rat on the lapel of his blazer. He calls his wife Marti, who wears a gold necklace with the word RATS in large letters, "the Rat Lady". With temperatures of more than 27C and high humidity outside, Mr Huizenga's main problem is keeping the ice from melting in the Arena.

When the team qualified for the Stanley Cup finals, Florida shops and bars ran out of the

black plastic rats that had been making them a fortune. Orders went out throughout the United States and were shipped in to allow fans to toss them at giant television screens in packed bars.

For the first two Stanley Cup final games this week the "Rats" were away to the Colorado Avalanche in Denver and may have met their match. Not only did they lose the first two games - crushed by 8-1 in the second - but the Denver fans tossed rats onto the ice in defiance.

But the Floridians are still hoping against hope that this could be the Year of the Rat.

Phil Davison

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# Italy tires of secessionist antics

Voters reject the Northern League, writes Andrew Gumbel in Rome

Insults and publicity stunts do not a revolution make: such was the message Italian voters sent yesterday to Umberto Bossi, leader of the Northern League, who spent the past month embroiled in a flamboyant campaign to split Italy and set up an independent republic in the northern third of the country.

As results came in from elections in 160 communities, it became clear the League's antics had failed to make any but the most negative impression. Mr Bossi's party came in a poor third in each of the key northern cities - Mantua, Pavia and Lodi - where League candidates were running for mayor.

Instead, candidates from the governing centre-left Olive Tree alliance led in all three cities and looked in a strong position to win the elections in next week's

run-off with the centre-right Freedom Alliance. "The League got what it deserved," said Fabio Mussi, parliamentary floor leader of the left-wing PDS and one of Mr Bossi's harshest critics.

In the run-up to the elections the League established a separate "government" in the north and called for independence and a separate currency. Mr Bossi compared himself to Gandhi, described his detractors as ruffians and fascists and dressed his supporters in militaristic green shirts.

Were Mr Bossi an orthodox separatist movement, one could conclude that his dreams of an independent Padania, as he has renamed his core constituency,

had been shattered. The elections were certainly a setback, especially after the League's strong showing in the general election in April but whether they will be enough to silence Italy's most volatile politician is another matter.

It has never been entirely clear if Mr Bossi is serious about secession, or if he is using it as a propaganda tool to pressure the government into delivering what his voters really want: greater local autonomy, less bureaucratic hassle from Rome and, above all, lower and less complicated taxes.

Yesterday one of Mr Bossi's most prominent lieutenants, the former speaker of the Rome parliament, Irene Pivetti, ad-

mitted that Padania was more a "poetic expression" than a geographical reality and described secession as no more than a talking-point. Yet the campaigns and threats of civil disobedience are carrying on.

Yesterday provincial authorities in Mantua, which are in League hands, slapped an eviction order on the office of the central government prefect for the area, a provocation intended to stir up debate on the role and questionable usefulness of the office of prefect.

The League's "government", held its first cabinet meeting in a Venetian palace loaned by an aristocratic sympathiser. And in the industrial town of Mestre, across the lagoon, a breakaway

group of anti-tax protesters staged a noisy rally.

The past month has brought out the two key characteristics of the League. On the one hand, its value as a political force is severely limited. "It dresses itself up as a national protest movement but in fact its strength on the ground is patchy at best," said another senior parliamentarian from the government benches, Diego Masi.

On the other hand, as a propaganda machine and a permanent thorn in the side of the establishment, it can be remarkably effective. The secession campaign may have outraged ministers but has also scared them into acting more quickly than they otherwise

might to address the appalling tax and administration legacy of the past.

Yesterday, as the prefect of Mantua was being evicted, the Regional Affairs Minister, Franco Bassanini, admitted prefects do not do much anyway and may be abolished. He is working overtime to produce a draft law on administration of the regions within the next month and his colleagues have promised an emergency review of taxation procedures.

Top of the hit-list is the detested *bollo di accompagnamento*, a tax stamp that must be bought when even the smallest consignment of goods is transported. Even a takeaway pizza has to have its *bollo di accompagnamento*, which helps explain why almost no restaurant countenances home deliveries.

Art and the dictators: *Übermensch* struts his stuff again in Berlin, courtesy of a British show

## Germans get the picture of the Nazi era

IMRE KARACS  
Berlin

Muscular idols of Stalin's Russia and Aryan heroes of the Third Reich met yesterday on the fault-line of European history, brought together on the Unter den Linden by a British exhibition dealing with art under tyranny.

"Art and Power", first shown 18 months ago at the Hayward Gallery in London, offers Germans a rare view of the oeuvre that whipped them into a frenzy more than half a century ago. Much Nazi art is still held in quarantine in the US and at a heavily guarded warehouse in Munich, lest it should infect the nation again.

The other stuff, of the socialist-realist kind, was mass-produced and displayed throughout East Germany's 40-year existence. The architectural merits of that era can still be assessed at the brutalist Alexanderplatz, near the Museum of German History, which is staging the exhibition.

The show, sponsored by the Council of Europe, was imported almost unaltered from London and is presented as a British view. It is meant to be "thoughtful and reflective", says Henry Meyric Hughes, curator of the original exhibition and who is also involved with its Berlin revival. "It is an attempt to make people reconsider history in a less emotive way."

In London, learned brows were furrowed at suggestions

that the images projected by the different creeds of the epoch - Francoism, Italian Fascism, Nazism and Soviet Communism - bore more than a passing resemblance. But Berliners, who have had a front-seat view of the cataclysmic events of this century, are unlikely to be troubled by such comparison.

From today, they will be able to judge for themselves. For instance, those blond athletes, clutching bouquets and saluting the man on a dais wearing military fatigues are *Übermensch* of a different kind. The banner of Lenin in the background gives away their land of origin.

The Nazis were as fond of using beefsteaks to glorify the working man as Stalin's war artists. Whatever their ideological differences, neither camp could find any room on its canvas for a less than outstanding human specimen, down to the size of the genitals.

In both Moscow and Berlin, the supreme leaders of the nation took a personal interest in the arts. Many of the German works were commissioned by the century's most infamous amateur painter and early evidence of the Führer's budding talent, the sketch of a building, is also on display.

There is a lot of fine art, too. Works of artists labelled "degenerate" by the Nazis are presented side-by-side with what Hitler and his cohorts preferred. "What you also find is that a lot of great artists worked under totalitarian regimes,"



Master images: A visitor to the exhibition in the Unter den Linden examines an outsize bust of the writer Maxim Gorky, considered the founder of the doctrine of socialist realism; in the background, Stalin looks on

says Mr Hughes. It is not the cultural experience, however, that will be drawing Germans in their thousands to the exhibits. The message that Germany was not alone in worshipping a warped sense of values is a welcome one to its people. The poignant choice of Berlin as the venue is deliberate and its importance underlined by the presence of Chancellor Helmut Kohl at the opening ceremony.

In a speech that might again cause affront across the Channel, Mr Kohl repeated his view that the evils of the past could only be banished in a united Europe that has been rid of ancient enmities. "The House of Europe has many foundations," he said. "For me, the decisive element is that we want to live together in the 21st century in peace and liberty, so that we may never relapse into a time of barbarism."

## Bullish Yeltsin targets Communist voters' country

PHIL REEVES  
Moscow

Boris Yeltsin, riding high on the strength of flattering polls, scored a double-barrelled success yesterday. His spin doctors flourished evidence that the President is now ahead in his fight for re-election in some of the most sought-after, voter-rich territory in Russia. And a crucial agreement was signed in Chechnya.

Under the document, the Russians have agreed to withdraw their troops from the war-torn republic by the end of August in return for the disarmament of the Chechen fighters - a deal which marks another crucial step towards Mr Yeltsin's promise to end the conflict before election day on Sunday.

The move came as the President's now almost-triumphant bandwagon rumbled into the southern city of Rostov-on-Don,

where he insisted that he firmly expects to win Sunday's election outright, without going to a run-off. "There will be no second round," he said, before repeating his campaign stunt of giving away money to potential voters - this time, funds for two schools.

Mr Yeltsin's bullish confidence appears to be rooted in the figures compiled by his advisers which suggest he has seized the lead in a clutch of prize areas, some of which voted for the Communist Party in December's parliamentary elections. According to Sergei Filatov, a key figure in Mr Yeltsin's campaign, their analysts have concluded that his ratings have pushed ahead in the far east, the north-west, the Volga valley, the Ural mountains, and western and eastern Siberia.

As examples of these areas, Mr Filatov, a former chief of staff to the President, told the

*Independent* that they were hoping to win the Volgograd, Nizhny Novgorod, and Perm regions; the Krasnoyarsk and Primorsky territories and the Bashkortostan Republic - despite past Communist successes in these areas. Each contains a healthy parcel of voters - of around 1 million or more, based on last year's turn-out.

The science of election information gathering is almost as unsophisticated in Russia as its fledgling democracy, and the President's strategists are as prone to being partisan as anyone else operating in the fevered political cauldron. But their figures may offer clues to the centres that the President is likely to target as the race gathers momentum towards an almost certain run-off in July.

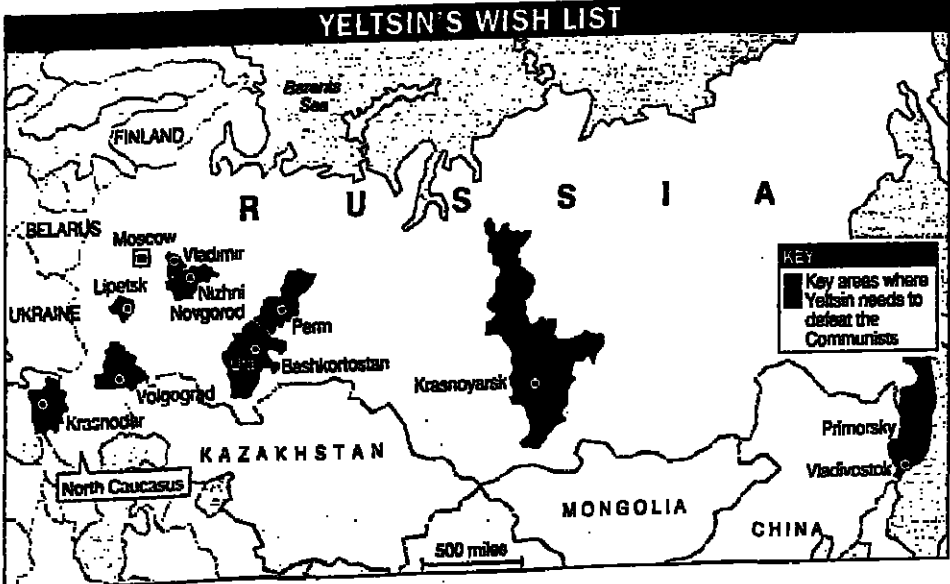
Among key battle grounds, according to Mr Filatov, are the north Caucasus; central Russia,

including the ancient city of Vladimir, 200 miles east of Moscow; and the central "black earth" country, which includes Lipetsk but is also usually seen as "red belt", or Communist territory.

Mr Filatov said that Mr Yeltsin's ratings should go over the 35-40 per cent mark this week, giving him a comfortable first round victory but not enough to win outright. But 20-25 per cent of the electorate were still undecided. Three recent polls suggested that this group is shrinking, and gave Mr Yeltsin between 34.5 and 37 per cent, eight points or more ahead of Mr Zyuganov, with between 26 and 15.9 per cent.

But the Yeltsin camp's figures also suggested some other trends afoot. Mr Zhirinovskiy, who stunned the world when his party came second in December but seems since to have dovebombed, is making a last-minute rally. The liberal economist Mr Grigory Yavlinsky has moved ahead of Mr Yeltsin in Kaliningrad. And General Alexander Lebed is moving upwards slightly.

Yesterday the President's handlers were being careful not to seem too complacent, despite the up-beat mood of their boss. They were busy stocking up an old story that the Communist party has set up armed formations ready to go into action if the elections do not go their way. To counter this, the streets will be flooded with three times as many police as usual - almost as many as the number of observers from the two main rival camps who plan to descend on the 96,000 voting stations to check that their enemies do not cheat. If nothing else it will be an eventful, and rather crowded, day.



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## international

## Clinton seeks to put a squeeze on Burma

RUPERT CORNWELL  
Washington  
RICHARD LLOYD PARRY  
Tokyo

The US has sent two senior diplomats to Asia to work out a strategy for putting pressure on the Burmese military regime to stop its persecution of the opposition movement, led by the dissident and Nobel Prize-winner Aung San Suu Kyi. Their visit is aimed at heading off pressure in Congress for tougher action – including sanctions.

The despatch of Ambassadors William Brown and Stanley Roth follows the adoption by Congress of laws which prohibit any attempt to draw up a rival constitution for a democratic movement. This would in effect muzzle Ms Suu Kyi's National League for Democracy Party (NLD) which has held large rallies outside her house in recent weeks.

The dissident leader, said a State Department spokesman, "has a right, under international law and any reasonable standard of decency, to speak out about conditions in her own country." Washington is also demanding the release of more than 100 NLD activists still in detention.

Britain also expressed concern that around 30 opponents of the military regime remained in detention. "We are also concerned by reports that some have been charged and may be put on trial behind closed doors, including one of Aung San Suu Kyi's close personal aides, U Win Htein," said a Foreign Office spokesman.

The Clinton administration, which has become increasingly outspoken of late about human rights abuses and the suppression of dissent in Burma, hopes its move will prod the military junta into some form of dialogue with the opposition. But Washington is also contending with pressure from Congress for more radical action that – as in the case of Iran and Cuba – could merely provoke a split with its allies.

On Capitol Hill, a bipartisan Bill has been tabled that would bar US investment in Burma entirely, instead of the more gradual reduction in trade and diplomatic contacts hitherto pursued by the administration. The State Department is opposed to additional mandatory sanctions, arguing that the US needed to retain the ability to respond to events in Burma.

Washington is infuriated by the failure of the Burmese junta to crack down on narcotics trafficking, but must keep an eye on major US economic investments in the country. The Unocal energy company has a major stake in a \$1bn offshore gas project which provides hundreds of Burmese with jobs. If Congressional sanctions force Unocal to pull out, other foreign companies would simply move in, Unocal's president, John Imle, said recently.

The two US envoys yesterday began their whistle-stop tour of east Asia in Tokyo, where they met the Japanese foreign minister, Yukihiko Ikeda. Japan's support will be vital to Washington. Japanese grant aid and technical co-operation to Burma amounted to \$134m in 1994 – more than twice the 1993 total. Many of the biggest names in Japanese business and finance, including C. Itoh, Sumitomo, Matsui, Fuji Bank and Mitsubishi, have offices in Rangoon, and several others have plans to follow suit.

But yesterday's meeting seemed to produce little. "Japan and the United States can join forces on the Burma question, because we share the same

concerns and goals even if we differ slightly on concrete measures," a Japanese foreign ministry official quoted Mr Ikeda as saying.

And if past form is anything to go by, then Burma will be unlikely to receive much more than a brisk ticking-off from Tokyo. Having extended help to a country, Tokyo has in the past proved reluctant to withdraw it, even after blatant human rights violations. After the Tiananmen



Voice of defiance: Aung San Suu Kyi and a supporter at a rally last weekend

Photograph: Michael Nagasaki/Reuters

## US deserted Vietnamese commandos

TIM CORNWELL  
Los Angeles

Newly declassified documents detail how the US military washed its hands of several hundred Vietnamese commandos it sent on abortive sabotage missions in the early years of the Vietnam War. The documents, which the Pentagon fought to keep secret, show that the US literally scratched the names of the men from its payroll lists, stopping payments to families despite evidence showing many were alive in North Vietnamese prisons.

Senator John Kerry, a decorated Vietnam veteran, said this week his country should now pay what it owed to nearly 300 surviving commandos. "They have brought a law suit seeking back pay of just \$2,000 (£1,300) a year, without interest, from the mid-1960s. "It's the wrong thing to deny them the honour they deserve," Senator Kerry said. "This is an important matter of both conscience and common sense for the country. We paid our prisoners, and these men were working for us."

The release of the documents caps a long struggle by the Vietnamese and their American supporters to force the US government to accept them as living proof of Oplan 34-A, a covert operation launched in 1961. Most of the men now live in the US. But lawyers defending the law suit for the Pentagon insisted as late as last week that secret contracts for covert operations are unenforceable, based on an 1875 Supreme Court ruling which denied back pay to a spy in the American Civil War.

Senator Kerry said he would seek bipartisan support to find \$11m in the US defense budget to meet the commandos' claims. "Somewhere out there, there's a golf course that can be sacrificed for principle," he said. Oplan 34-A was initiated by William Colby, then the CIA's Saigon station chief, who later rose to be the agency's director and died earlier this year. Vietnamese who had fled the communist North were trained in espionage and sabotage and sent back. A secret report on the

operation later described their experience as "a one-way street with no hope of return". It appeared almost all were rapidly captured or killed.

US officials became suspicious that teams were "turned" working for the North Vietnamese to feed false intelligence back to their operators. But trials of others, and their 30-year sentences, were broadcast on Radio Hanoi. In 1964 the US military's Special Operations Group took the operation over from the CIA. It was then that officers began going through the list of the missing, the documents suggest, declaring a number of them dead each month. The treatment of the commandos is in striking contrast to the almost obsessive US search for its own men listed as prisoners of war or missing in action.

John Mattes, the Florida attorney representing 281 commandos, says he has compiled

"I gave my life for the operation. Why did America forget us?"

a list of about 60 who were once declared dead. "Widows" received death benefits of as little as \$200.

As late as 1995, the US Immigration and Naturalisation Service tried to block refugee status for a group of more than 50 of the commandos, who were tortured, served long jail sentences, and lived as pariahs in Vietnam after their release.

Nguyen Van Ky was also parachuted into North Vietnam in 1964. He was listed in Defence Department records as captured soon after landing. Now aged 63, he lives like many of the refugees in Southern California. He told the *Los Angeles Times* of 13 years in a Vietnamese jail including torture, and bouts of solitary confinement. He was reunited with his family on his release in 1977, but managed to reach the US only two months ago. "I gave my life for the operation," he said. "Why did America forget us?"

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# Only a classic Eurocompromise can save us

The great British beef war of 1996 has, predictably, turned into a messy British embarrassment. The implication of the tough talking by other European ministers in Luxembourg yesterday is that their governments are preparing to adopt a policy of non-cooperation with John Major. Even the Dutch put their clogs into Malcom Rifkind at yesterday's meeting of EU foreign ministers. When you've made the civil Dutch angry, you can be sure you are in real trouble. How can anyone, apart from the most unreconstructed little Englanders, take pleasure in this? The whole sorry episode can only go on damaging this country's true interests in Europe.

However, it was also the Dutch Foreign Minister, Hans Van Mierlo, who came up with a sensible proposal that might yet provide Mr Major with an escape route, if he is willing, or able, to take it. The proposal has a familiar logic (ask Gerry Adams). In essence, the Dutch said, an outline deal may still be possible, but not before the British government announces a ceasefire.

The European Commission would propose a framework, or statement of intent, for the step-by-step lifting of the beef export ban over several years; Britain would end its blocking tactics; and then member governments would discuss and, hopefully, agree the Commission plan. This would involve something of a public climb-down for the

Government. But it could also declare something of a victory. If the whole process could be speeded up so it took place over a couple of days, or even one afternoon, it should be possible for Mr Major to sign up.

It is time for the Government to cut its losses. The entire misbegotten campaign was based on the view that Continentals don't like it up 'em; bully them a bit and they'll cave in. This has proved hopelessly wrong. Britain's technical case against the beef ban was good. Our political case was poor, even selfish.

The Government's announcement in March that BSE could lead to a similar disease in humans caused consumer panic across the Continent and sent beef markets into free fall. Even now, with the British domestic beef trade almost back to normal, German and French sales of non-British beef remain one third below last year's levels. In other words, this is a real political and domestic issue for our partners, not some arcane Euro dispute over money or principle.

In domestic political terms, standing up to British blocking tactics and refusing any further lifting of the beef ban is the painless thing for Continental governments to do. There is no big constituency in Germany crying out for an obscure and technical EU anti-fraud measure (however sensible). There is a big constituency which is terrified of British beef (rightly or wrongly).

At the same time, there is genuine

fury and bafflement in Europe that Britain should try to bludgeon agreement on such a complex issue, where there are rights and wrongs on both sides. Something rather ugly, something personal, is creeping into the dispute. There appears to be a growing determination on the Continent to teach Mr Major a lesson. This is as deplorable as Britain's failed tactics.

Throughout the 1980s, Mrs Thatcher had a series of running battles with our EU partners over farm policy reform and the level of UK contributions. Relations became pretty difficult but never as desperate as this. Why? First,

there was a grudging recognition that Mrs Thatcher had a case. Second, her tactics were better chosen. She selected her battlegrounds more carefully and took hostage large, inanimate issues - issues which other European governments wanted to resolve, but which mattered little to public opinion. Third, the remote prospect of a British Labour government was, at that time, even more unappealing to our partners than Mrs Thatcher. They knew they had to deal with the iron lady, or no one.

The tough line taken by the European Commission at the weekend, and many European governments yesterday, does

not (yet) represent a turning away from Britain. It does represent a turning away from John Major. Until a few weeks ago, Continental politicians, if asked whether they were holding their breath for the coming of Tony Blair, would reply politely: "No. We are looking forward to the British election because we feel that whatever government emerges - Tory or Labour - would be freer to deal with Europe more constructively."

The beef war has changed all that. Every member state will deny it; but they are now damned if they are going to hand Mr Major the kind of beef triumph which could be electorally beneficial. Their tactics may also now be faulty. A continuing, or escalating, crisis over several months will, in any case, result in an election in a blaze of Union flags. If the Tories were to win such an election, it is possible to imagine a series of worsening showdowns with Europe leading to British marginalisation, even withdrawal. Mr Santer's decision to raise this issue is premature, and impolitic, but such fears are no longer entirely absurd.

So what now? The Government is evidently uncomfortable with its own campaign. It hoped its decision to release a couple of hostages would help the atmosphere in Luxembourg yesterday. It just made the whole thing look sillier. Why allow trade negotiations with Algeria but block criticism of Indonesia's behaviour in East Timor?

What has any of it got to do with beef? The next 10 days up to the Florence summit are critical. A slender hope still exists that something like a classic Euro-compromise can be found. Mr Major should explore the possibilities of the Dutch settlement. He has raised emotions so high that any compromise is bound to be lambasted by the Eurosceptics and a section of the Europhobic press. But it is time for the remaining Euro-sensible members of the Government to insist that sanity prevails.

## Shape up, guys

Step by step, men are learning to discuss their feelings with wives and lovers, show love for their children - even to listen more than they talk. All in all, they are learning to become more human - or at least more like women, which is nearly the same thing. But a sensible view of their physical well-being seems beyond them, poor mites. Eight out of 10 readers of *Men's Health* magazine admitted to health worries - but they seem unable to talk to their GPs. Whatever the reason, they should get down to the business of staying well. Dodging doctors ends in tears, ruined relationships and even death. Ailing men should spare a thought for the women who will end up nursing them (or missing them), and get fit.

## LETTERS TO THE EDITOR

### Let teachers get on with their job

Sir: Your leading article "A theme for Labour's school song" (8 June) hits at least one nail on the head when it distinguishes between education and education policy.

As a, now retired, professional, who has taught in three types of schools (grammar, technical and comprehensive) and in teacher education, I have been amazed at the confusion in the press between these two concepts. The overwhelming majority of teachers with whom I have come into contact treat the job of teaching pragmatically. What matters to them in teaching any subject is what "works", based on their experience in schools. They will accept education policy as giving general direction to their work; granted it does not interfere with their professional judgement of what works in their circumstances.

Here lies the rub. Too many so-called policy statements from the politicians have been concerned with such matters as how to teach reading, or whether classes should be taught in groups, and so on. Let teachers decide this for themselves based on their collective experiences and on whatever evidence research provides. Professor NORMAN GRAVES Epsom, Surrey

Sir: Following Tony Blair's announcement on Labour's commitment to dismantling mixed-ability education we are writing to condemn this amazing attack on the key teaching strategy for raising achievement for all pupils.

Mixed ability has nothing to do with political correctness or utopian dreaming. It is the foundation for the proven success of the comprehensive system. More pupils have school today with qualifications than ever did under the old systems. Illiteracy levels have gone down as the comprehensive system has developed. The comprehensive system developed because of the failures of these past systems, which grouped pupils on the basis of flawed tests and flawed philosophies. Mixed-ability teaching challenged selection, streaming and setting, strategies which automatically led to examination failure for the majority of school leavers. Mixed-ability teaching is based on a real understanding of how children learn.

Mr Blair's announcement came as no surprise. The actions of senior members of the Labour Party in sending their children to selective and grant-maintained schools spoke volumes. We have no intention of sitting back and allowing a Labour government to take us back to a system that meant mainly working-class children were condemned to failure. H GWYNNE WILLIAMS and 21 other trade union members Crofton School London SE4

Sir: Oh, come on. Just who are you trying to kid by marking it as an exclusive ("Teaching trainees have worst A-levels", 10 June)? I did my A-levels in 1971 and it was widely known then that if one failed to get the grades for university or polytechnic one could always get into teacher training college. The teaching profession was seen as the fall-back option. The sad thing is that nothing has changed since then. There is only one way for this to change. The Government must stop constantly meddling with education



Stormont Castle

and, along with local authorities and school governors, they must start treating and paying teachers as the professionals they are. The Rev MIKE BOSSINGHAM Maidenhead, Berkshire

Sir: Your article on university entry requirements (10 June) quotes the chief executive of UCAS as saying: "Well, we know performance at A-level is a very poor predictor of performance at degree level." I have read elsewhere that interviewing is an equally unreliable predictor of future achievement. So can anyone tell me why our bastions of learning rely so heavily on just these two methods to select their chosen few? LEN SALEM London W5

### Cradles of fanaticism

Sir: The Rev Peter Hutton (letter, 8 June) claims that "this century's bloodiest mass murderers have not been believers".

Mao Tse-tung and Pol Pot were not believers in religion but were equally fanatical believers in an ideology partly derived from Judaeo-Christian tradition. Hitler was brought up as a Catholic and remained a believer in God and his system was a parody of medieval Christianity. Stalin was trained as an Orthodox priest and his system was a parody of tsarist Russia. Just as Nazi anti-Semitism derived from the long tradition of Christian anti-Semitism, European anti-Semitism derived from the long tradition of Christian anti-Semitism. The conquerors and colonisers held a sword in one hand,

a Bible in the other. It is no coincidence that the first atom bombs were used by white Christians against non-white non-Christians. The danger is irrational belief of any kind and the remedy is liberalism and rationalism. NICOLAS WALTER Rationalist Press Association London N1

### Rail privatisation starts to work

Sir: I must set the record straight regarding comments attributed to me by Christian Wolmar ("Rail privatisation will never benefit users", 20 May). Rail privatisation is still in its early stages, so it is not surprising that new benefits for passengers are not yet in evidence. Many improvements which we have seen over the last two years are the result of decisions taken by Train Operating Companies still under BR management.

There is, however, now real momentum in the privatisation process and tangible improvements are coming through to the benefit of passengers as a result of the new industry structure. We want passengers to benefit from the opportunities which the new arrangements bring; promises must be realised.

My emphasis was "no benefits yet", certainly not "no benefits ever". DAVID BERT RAM Chairman Rail Users' Consultative Committee London EC2

### Cathedral vs rubber factory

Sir: I was interested - as everyone involved with the conservation of our heritage should be - in Jonathan Glancey's comments on the consultation document *Protecting Our Heritage* (28 May). He is a strong advocate of the need to respect modern architecture and, of course, he is right, always providing there is a sense of proportion.

"Any of us can say," he writes, "Oh yes, we must protect Peterborough Cathedral." We can say it, yes; but when faced with an incontestable and urgent need for over £7m to achieve it, the relative judgement looks rather different.

This is one of the two greatest Norman churches in Europe, Durham surely being the other. The immense painted oak ceiling in the nave is unique. It was completed in 1220 and is deteriorating dangerously. We need £2m to save that alone and that is but one of the seven essential rescue operations which we can only hope to complete given a generous and imaginative response from the Heritage Lottery Fund.

Henry VIII described Peterborough as "the goodliest monument in all Christendom". Its claims upon the Heritage Fund must surely weigh against even the most magnificent rubber factory. Sir STEPHEN HASTINGS Chairman Peterborough Cathedral Trust

### Let Britain vote on Ulster union

Sir: After the most recent Unionist electoral triumph, a thought occurred. The union is the most contentious issue in Northern Ireland and everyone in the province is presumed to have a strong opinion on it. Yet it is rarely suggested that the citizens of Britain, the other and far larger partner in the union, might have opinions as well. They will never be asked for them at a general election, and a referendum is ruled out. Supposing it turned out that the majority wished to rid themselves of the union; would Dr Paisley and Mr Trimble, so outspokenly committed to the democratic process, take note?

Dr ERIC ADAMS Hounslow, Middlesex

### A tragic case

Sir: I was most distressed to see in today's letters column (10 June) that the remarkable Peter Jay is, for reasons unexplained, now homeless and forced to reside at the Garrick Club, presumably sleeping on a camp bed in a corner of the members' bar. It is surely a tragedy that such a first-class mind should be brought so low. Can I suggest a readers' appeal to raise funds for a proper home for Mr Jay so that, when he sees fit to grace your correspondence columns, he is allowed the dignity of a real address, like the rest of us? It is the least Britain can do. JAY RAYNER London SE24

### Speak up for the written word

Sir: Handwriting and calligraphy are separate uses of a writing tool. Word processors are excellent but they will never replace the need to write legibly. Can we ever foresee everyone having a personal "lap top" or being allowed to use it in every situation?

Ken Welsby (letter, 6 June) spoils his admirable plea that "we should be teaching children how to express ideas and information properly" by adding the irrelevant idea to "leave calligraphy as an option in the handwriting syllabus". JOHN FAIRBANK Hove, East Sussex

### Taking flight

Sir: I was saddened by Philip Webster's plea (letter, 7 June) for information on how long a fly can manage to fly around a room. Why doesn't he find out the answer for himself? You can't expect the "scientists" to have answers to every single question about biological organisms. What I suggest the gentleman does is capture a sample of flies, and carefully controlling for variables such as draughts and temperature fluctuations, introduce them individually into his room, and time how long they manage to fly without stopping. He should plot his results on a graph, and send them in to the *Independent*. Not only will he be enlightening readers about a subject we knew nothing about, but he will be demonstrating that the spirit of independent inquiry is not dead among the British after all. R BAGGLADE Bristol

### Kurdish peace the only hope for Turkey

Sir: After the collapse of the government in Turkey perhaps an observer of the elections of 1994 and 1995 could comment.

Ataturk, the founder of modern Turkey, came to power after massacres had removed the Armenian population from the national territory. He defeated and expelled nearly all the Greek population. There remained, however, several million Kurds.

The strongest efforts were made to assimilate those so-called "mountain Turks". The result was repeated Kurdish uprisings which were suppressed.

In 1984 the eastern and south-eastern provinces again rose in arms. Since then there has been continuous conflict, despite several offers of cease-fires by the insurgents. Thousands of villages have been destroyed and millions of Kurds displaced from east to west, and from the country to the cities. In spite of martial law and the widespread use of torture on suspects, there is no prospect of a military solution.

Meanwhile Turkey has suffered excessive military expenditure, high inflation and a depreciating currency. Turkish democracy has been poisoned by the imprisonment of MPs, the banning of parties, the murder of journalists and even news vendors and by many trials of trades unionists, academics and intellectuals for expressing their opinions.

Even now a resolute government could do much to restore peace and prosperity. The essentials are autonomy for the Kurdish regions, repeal of the laws banning Kurdish in education and the media, and a progressive reduction in military spending. Such measures when combined with the Customs Union with the EU, could restore the economy and make possible a revival of democracy. Negotiations, leading to real political solutions, are the only hope. Lord HYLTON House of Lords

Sir: If "only 10 seconds' reflection on the history of European warfare over the past couple of hundred years leads to an understanding of Turkey's crucial geographical position" (leading article, 7 June), how about another 10 seconds of cogitation to understand just how the West is betraying Turkey in demanding that it deliver everything on the West's laundry list, whilst offering Turkey nothing in return?

The West demanded that Turkey adopt democracy. Now you apparently want to object to the results of the democratic process.

You chose as an EU partner Greece - not a country in a "crucial geographical position" compared with Turkey, and a small country with a population of only 10 million against Turkey's 70 million, and a country with a military capability that is of no significance against Turkey's, which is the second largest army in Nato.

One of the first phrases that was drummed into me when I was shipped to boarding school in England from Turkey was, "You've made your bed, and you must lie in it." The West has made its bed with Greece, and must do likewise. There is no point in writing editorials making demands of Turkey. OSMAN STREATER London W1



## analysis

# John Birt: the devil and the BBC

Every move he makes outrages the traditionalists. Last week's management restructuring brought more protests. But **Mathew Horsman** argues he is not quite the demon he seems

Broadcasting's traditionalists – and they are a multitude – see John Birt, General of the BBC, as the Antichrist, the devil himself, the man of mission, the architect of the mighty Beeb's ruin, its fall from Reithian grace.

He stands accused of destroying the soul of the nation's public service broadcaster: of downgrading its commitment to radio; of squandering its 75-year tradition of engineering excellence by proposing to sell off BBC Transmission; of replacing real, honest-to-goodness artists with accountants.

Can it be true? Can the Corporation have fallen into the hands of a cabal of small-minded, market-driven "suits", whose sole purpose is to destroy the BBC because it represents yet another producer monopoly to be sorted out like schools, hospitals and the unions?

What self-styled lover of culture, quality broadcasting and radio programming of the highest order can even begin to disagree with the complaints of the tireless defenders of the BBC's heritage?

Who would not concede that the future of BBC Radio is threatened by the announcement last week of the end of its independent status within the Corporation? Who is not worried about the future of the World Service (English-language), already emasculated by cuts and now to suffer the indignity of answering to a new, "streamlined" management called BBC Production?

Well before last week's radical management restructuring, which will see scheduling and commissioning separated from production for the first time, Mr Birt was already demonised within the organisation as the architect of the much-maligned "producer choice", and the father of 5,000 cuts (being the number of jobs pruned since he arrived in 1992). Producer choice, that quintessentially Birtian innovation, comes in for particular criticism. By allowing producers to choose between internal and external production teams to make programmes, the organisation was meant to be made more efficient.



John Birt's way is not the only path forward, but in the new broadcasting environment standing still is hardly an option.

cient. The system required, for the first time, an internal market: prices for the trade of goods and services within the Corporation had to be accounted for properly. Just like the NHS. God help us.

Last week's changes are a second movement on roughly the same theme. Henceforth, BBC Broadcast will be responsible for scheduling and commissioning, while BBC Production makes the programmes. The former will help develop the new services promised for the digital age – including some pay-TV channels themed on

public affairs, education and entertainment.

The latter will concentrate on providing the programming consumers want – for the domestic services, of course, but also for those willing to pay extra for subscription services.

This is meant to save the BBC brand, to safeguard quality in a multi-channel environment. And of course the impulse is heavily commercial. The management structure henceforth will look suspiciously like that of Channel 4 and the ITV Network Centre, with a few key mandarins to decide what will go out

over the airwaves. This, in Birt's view, makes the Corporation a "broadcasting powerhouse" ready to take on the world.

The two existing controllers, Alan Yentob at BBC1 and Michael Jackson at BBC2 will see their jobs mutate. Will Wyatt, currently head of television, becomes chief executive of BBC Broadcast. Under him, Jackson is likely to become Director of Television. Yentob, for his part, is slated to become director of programming at BBC Production, in a move that may not suit him quite so well as his current, central role in the popular BBC1.

The news and current affairs side of radio is also in line for major changes – not least a wholesale move from Broadcasting House to White City, in west London (although contrary to the *Independent's* report last week, the rest of the radio operations, including the entertainment programmes, will stay at BFH).

The traditionalists hate these changes just as much as they loathed "producer choice". They are just a step towards a "virtual" corporation which commissions and schedules programmes but has no real hand in making it. A step, then, towards the complete destruction

of the integrated BBC that has been the envy of the world. So much for the doomsayers' view. To paraphrase *1066 and All That*, the traditionalists are "romantic but wrong", while the Birtians are "right but wretched".

For there are uncomfortable truths facing the in a world so quickly transforming itself that standing still is hardly an option. Traditionalists owe it to themselves, if they really want to "save the BBC", to recognise the new broadcasting environment.

It is not a cosy duopoly of the BBC and commercial terrestrial television; it is not a coddled, protected business, where the licence fee comfortably meets all costs. Twenty-five per cent of British homes have cable or satellite, giving them a choice of some 30 channels. That is not to mention Channel 4, which now takes 14 per cent of all commercial advertising revenue, from its standing start in 1981. Or Channel 5, to be launched in 1997. The "minority" services of pay-TV have already eaten into the audience and advertising shares of the mainstream broadcasters.

Consider the fragmented environment we are poised to

enter. Rupert Murdoch, the real devil, promises 200 digital channels next year, all available for the cost of a satellite dish and a "set-top box". Cable companies will be able to deliver 150 channels to the home by the end of the decade, promising state-of-the-art Internet connections to boot. The BBC and ITV will launch digital terrestrial services from 1998, with perhaps 18 new services. What on earth will be broadcast on all those new channels?

The Americans are ready with several years' worth of niche programming experience, offering specialist Sci-Fi stuff for the *Star Trek* set, soft-core sex for the evening shift, 24-hour news, 24-hour weather, even "ambient imagery" – scenes of flickering fireplaces or tranquil lakeside scenes, to supplement the colour schemes of the yuppie of sitting rooms.

The Corporation has promised its own "digital dividend" once the revolution has reached these shores. Wide-screen BBC1 and BBC2 for a start, and the prospect of a 24-hour news channel, themed entertainment and archive channels, easily accessible plot-lines of our favourite soaps, called up effortlessly from the remote-

control pad. John Birt's BBC is not going to play dead.

To respond to the new competitive environment, the organisation needs a modern management structure. It needs to be able to commission the very best programming for radio and television, destined for home and abroad. It needs to make the best use it can of its vaunted news-gathering ability, and if that means merging radio and TV news, then so be it.

The BBC must innovate, or it will die. That is the conclusion even of old hands such as Ian Hargreaves, former editor of the *Independent* and now editor of the *New Statesman*. Birt, the devil himself, warns that the BBC must not sit still, stroking its grey beard, as all around it reacts to the new environment.

Its success will be judged not against its enviable history but against its ability to survive in the future. That is why John Birt has pushed through his massive reform package. That is why there needs to be another mammoth management shake-up.

Much of what Birt is doing is driven by one, inescapable truth. A BBC that is but one broadcaster among many does

not have a permanent claim on the licence fee. Right now, the Beeb takes in £1.8bn from licence fee payers, and another £300m in revenues from its commercial operations, which include BBC World and BBC Prime, its two international television services.

Can the licence fee be sustained if domestic audience share starts to decline precipitously? The Corporation's own internal estimates suggest that the mainstream broadcasters (roughly, BBC, ITV and Channel 4) will see their share of total television audience drop to perhaps 65 or 70 per cent within 10 years, compared to more than 90 per cent today. Will TV and radio customers continue to support it if that drop occurs?

Birt insists that the Beeb has a bright future as a public service broadcaster, but only if it grasps the digital future with both hands, remakes its corporate structure and competes aggressively with rivals. A hidebound, old-fashioned organisation can do none of these things, and would merely fade into obscurity.

Even with Birt's brave new management structure, the odds must be against the survival of a universal, compulsory licence fee. The BBC will have to compete for viewers just as any broadcaster must. A far-sighted government might concede the point and allow the Corporation to enter the private sector with honour, competing for the support of customers day by day. The Deputy Prime Minister, Michael Heseltine, has suggested the marriage of BT and the BBC, the country's best carrier and the its best content provider.

Whatever the outcome, reforms look inevitable. One might not like the specifics – must radio be so sidelined? Must there be a downgrading of production next to scheduling and commissioning? Does it really make sense to merge radio and TV news? – but the impulse is clearly right. If we are to have an open broadcasting environment, which even Labour seems to support, then we must have a reforming, mutating BBC.

It is perhaps unfortunate that Birt has become just a target of venom, such a hated destroyer of all that is good. He might be less maligned were he graced with a more attractive personality – less aloof, less of a suit (even if Armani in provenance). But we ought not to slay the messenger just because we do not like the message. If we are to have a digital revolution (and can we stop it?) then we must have a reformed BBC. If we are to save anything of the BBC we love (the quality, the variety, the reputation, the reliability), we must accept change.

Birtism is not the only way forward, but it is the only realistic strategy on offer so far. So is John Birt the devil? Hardly.

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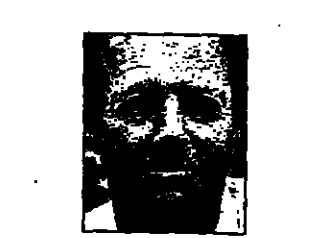
Do you sometimes feel that, given guidance through the thickets of cookery writing, you could end up famous enough and rich enough to leave your husband and have a good time at last?

Fear not! Today we have an expert to guide you through these problem areas! Yes, Crispin Foliat is here to answer all your questions about that vital question: "How do I get to write a cookery best-seller and the quickest the better?"

Crispin Foliat writes: No problem. First of all, you get a good name...

What's a good name? Crispin Foliat writes: A good name, for a cookery writer, is one that half suggests some exotic dish and half suggests an exquisite rural village. Crispin Foliat, for instance, in my case, I sound halfway between Chilton Foliat and crispy seaweed.

Hmm. Any other examples? Crispin Foliat writes: Yes. Glynis Christian. Gary Rhodes. Andre Simon. Rick Stein. Robert Carrier... Oh, come on! They don't sound remotely like an English village OR an exotic dish! Crispin Foliat writes: I didn't say an English village. I said like a village. It could be a French village. Andre Simon sounds like a French place name. Boulestin did, too. So does Carrier. Mark you, the fashion for having cookery writers who sounded like French people has gone



Miles Kingston

long ago, which shows that we have finally grown up, but it could always come back. Do you remember the name of Justin de Blank?

No. Village somewhere in Holland, is it?

Crispin Foliat writes: You're getting the idea. What idea? Anyway, Delia Smith doesn't sound like any place I have ever heard of. Crispin Foliat writes: How about Ladysmith...? Rick Stein is an interesting name because he sounds more like a drink. Stein is a German beer mug, and Rick has over-

tones not only of Rick's Bar, but of rickety, that half-forgotten cocktail. You've heard of gin rickies?

Yes, but look, I think we're missing the point here. I want to know how to write a best-selling cook book, and my name is really quite irrelevant. Just get on with it, would you?

Crispin Foliat writes: Very good, very good! I think you may have the necessary touchiness.

What necessary touchiness? Crispin Foliat writes: To be a television superchef. Everyone has to have a gimmick to be a TV superchef. It could be touchiness. It could just be something you held in your hand. Ken Hom had his wok. Keith Floyd had a glass of red wine. But whatever it is, you have to have your TV series before you sell really serious quantities of books.

Sometimes you have a TV series with no book, which is a tragedy... I am sorry, I don't quite understand that.

Crispin Foliat writes: Try to keep up, dear. What I mean is that sometimes you see a TV series go out which is done in the style of a cookery programme but which they forgot to turn into one. That thing with John Thaw in France...

'A Year in Provence?' Crispin Foliat writes: Was it only a year? My goodness, it seemed more like a Lifetime in Provence... Well, anyway, the reason that the programme failed so badly was that nobody spotted that it was really a cookery programme crying out for a few dishes and a whole book – if John Thaw had done a little recipe every five minutes after his shopping and visits to local eateries, it would have been great. Well, not great, but it would have sold a million.

So, choose a good name. Get a TV series. Any other advice on writing a cook book? Crispin Foliat writes: No. That should do it.

صلى الله عليه وسلم



# Ambushers lie in wait as Major enters the pass

Tonight's vote on Bill Cash's referendum Bill could bring a sleepy House of Commons to life

The floor of the House of Commons may have lost its supremacy over many aspects of public life – judicial, diplomatic, and as the place for national argument – but it retains absolute supremacy in one key area: there, and there alone, are struggling governments killed off. That is not an interesting observation. But, as John Major's administration twitches and jerks its way across the front pages, it is an essential one.

On all sides, this seems a government that rests on powder-fragile foundations. At Stormont, the ultimate guarantors of Major's majority, the Ulster Unionists, are being angrily confronted by a table they don't want to sit around. The politics of the next few weeks of Northern Irish life will be, to put it mildly, turbulent and impatient. Mr Major has commented privately that he may be the first British premier to be ousted by the Irish question since William Gladstone.

Meanwhile, at Luxembourg and Brussels, and other places where politics has been generally placid and patient, British ministers are being harangued by continental politicians who have had enough. The European Union is an institution founded upon the politics of

compromise and wink. Without second-best and weary handshakes, it would not exist at all. Yet Britain has achieved the hitherto-unthinkable: we have united every other country in uncompromising mood against us. In that, as in some of his recent privatisations, Mr Major has comprehensively out-Thatchered Margaret Thatcher.

In this pass, he can go forward or he can retreat. If he carries on with his campaign, vetoing many more innocent and useful EU initiatives, then he will confirm the growing continental view that he is not worth doing business with. The big players are now at least half-committed to sitting the Major government out, giving it no political help at all, and waiting for Tony Blair. The Prime Minister is dangerously close to becoming friendless in the EU, in a way Lady Thatcher never quite was.

Certainly, thus far, the veto-barrage has produced greater stubbornness in Paris and Bonn, not less. This will make the Government vulnerable, at least in theory, to further defections from the Tory left – to another few Howarth or Nicholson. Having spoken to some of the

Europeans in recent days, I can confirm that they are depressed. (And yet, aren't they always, these days?) For to retreat would probably be even more dangerous for Major. Malcolm Rifkind has already allowed through three exceptions to the veto. This implies that, if the issues are important enough, other exceptions will follow. Once they start, there is a small army of diplomats and other civil servants who will most eloquently make the case for yet more exceptions, and the grand attack will disintegrate.

If that happens, those political isolationists whose prejudices Messrs Rifkind and Major have been so busy whipping up will not forgive either of them. On balance, the possibility of a kamikaze parliamentary revolt by the right remains likelier than a revolt by the civilised, moist-palmed west.

Today's vote on Bill Cash's referendum Bill will be a fascinating test of the ultimate strength of the Eurosceptic and anti-EU right – and the current weakness of the administration's internal authority. To put it crudely, many Conservative MPs now fear Sir James Goldsmith's



ANDREW MARR

The pitter-patter of potential defectors has been audible for weeks

small Referendum Party more than they fear the government whips.

This may seem bizarre, but it is, in fact, quite rational. The whips can hector and report back to Downing Street; but they will not be there on election day, when Goldsmith's candidates might yet decide whether a chap can keep his seat until 2002. Partly as a result of this, the pro-

referendum Tories are privately expecting more than 100 supporters tonight. However glossed, that would be a blow for Major, who is firmly opposed to a wide-ranging plebiscite.

If Ulster looms and storm clouds gather over Europe, then the domestic political weather pattern is as ominous for him too. The pitter-patter of potential defectors has been audible for weeks. The Christian Democrat and literary George Walden has more or less had it with his gross and overly Saxon colleagues. The hooded-eyed conspiracist and right-winger Sir George Gardiner is in trouble with his association, and still making dark threats. And, for light relief, Terry Dicks is threatening to go too, over the Stormont talks. After a decade of reporting political news, above all on the principle of never taking Mr Dicks seriously, one is reluctant to start now. Even so, the general impression of a triable and flaking Conservative majority is hard to avoid.

Look at all that, and you would think that the Tories are likely to be out by October. If you were an Opposition politician, then you

would certainly hope so. This may be a shallow, consumer-led recovery, of a predictable sort; but it is a real one. It would be extraordinary if it didn't start to show up in the polls. There are senior Whitehall people who feel that Tony Blair isn't home yet.

The same feeling has led to Mr Blair's office being harangued by Labour supporters who want to know why he hasn't brought down the Government already. From there, the response is tinged with world-weary frustration: "It's a simple matter of arithmetic. If there is a way to bring them down, we will find it and take it." One gets the impression that the Government's success in staving off defeat over the Scott report, despite Robin Cook's brilliantly forensic attack, has taken the edge off Labour's appetite for a vote-of-confidence showdown.

And, indeed, it is not so easy. Lord Callaghan is Labour's living reminder of how long a minority government can survive, by late-night stratagems, the buying-off of minor parties, and sheer collective willpower. As he has said himself, Callaghan was Prime Minister when Labour's majority was lost as John

Stonehouse defected in 1976, setting himself up as the English National Party, before standing trial for theft and fraud. And Callaghan was still Prime Minister when Stonehouse was released from jail in 1979.

What kept Callaghan going, despite the crumbling of the Labour movement in the late Seventies, was the reluctance of the smaller parties to bring him down. Major is in a similar position. He could lose Walden, Dicks, Gardiner and a few more besides, and still struggle on – just so long as the Unionists stick by him. And they would be acting out of character if they threw away their rare and valuable leverage on the Commons before they had to.

Yet Labour should be hungrier and more aggressive in the Commons than they are. The place gives the impression of having gone half to sleep for the summer, which is very convenient for Mr Major and his colleagues. If they can make it to the end of next month, they can probably make it to the Budget; and if they can make it to the Budget, they can probably last until the early spring. And by then... well, nine months is a very long time in politics. For those reasons, I expect a Labour ambush of some kind within weeks. But I also expect it to fail.

## England expects ... not a lot, really

England's footballers have been infected with lad culture: ironic, languid, detached. Fine in a TV studio, not so funny at Wembley ...

A footballing nation, traumatised by England's dismal display against Switzerland on Saturday, is seeking desperate remedies. I, of course, have the answer, but first let me consider one of the most apparently sensible solutions.

In the *Daily Mail*, Andrew Neil says we should abandon our four home international sides and play as Britain United. "It is," he writes, "the height of conceit to think that we are capable of international success when the best British players are split between four teams."

On the face of it, this makes perfect sense. The national divisions sustained by our international footballing identity are wildly anomalous. Individual states in the USA are more emotionally and practically independent of Washington than Wales, Northern Ireland or Scotland are of London, and almost any country you care to name has equally or more profound regional distinctions. We are, to the rest of the world, the United Kingdom, a single, blended, eccentric and usually cantankerous unit. To play as four separate teams is merely one more symptom of our home-headed, atavistic temperament. And, of course, from our own point of view, we are no good – surely it is far better, under the circumstances, when the soccer gene pool from which our ashen-faced managers can draw their teams.

The first problem with this is that it would damage us politically. Having four teams means

we have four votes on Fifa, the world football governing body, and this allows us, in theory at least, to steer the administration of the game in our direction. Fancy rule changes favouring hot-headed, hot-climate players can always be blocked.

The second problem is that, right now, it would not work. The only non-English player who would currently be selected for a Britain team is



BRYAN APPELYARD

Ryan Giggs, the mercurial, floppy-haired winger from Wales. And does anybody believe he alone is enough to make any difference – apart, of course, from increasing the number of teenage female fans? The sad truth is that Britain United may have looked a little more stylish – they could, let's face it, scarcely have looked less – against Switzerland, but they would still have limped off with a dismal draw. Admittedly, in the Sixties, any constitutional change would have been justified to bring George Best in from the boondocks of the Northern Ireland team. But Giggs is not Best. Indeed, in a thousand years of football no nation can hope to produce his like again.

And so we come to my solution. This requires careful consideration of exactly what happened against Switzerland. Essentially, our fault was that we played for 45 minutes instead of 90. Not only did the whole team seem to grind to a halt after half time, but Terry Venables, that strange, awkward man, also found it necessary actually to "rest" players to protect them from the hardship



Paul Gascoigne celebrates England's goal against Switzerland last Saturday. But 90 minutes of real football is a bit much to expect of him

Photograph: Neal Simpson/Empics

of playing the whole game. Paul "Gazza" Gascoigne, notably, was taken off once it became clear that, having played well in the first half, he had no intention of playing at all in the second.

Now let's contemplate the moment that Gazza left the field. He waved happily to the crowd as if saying: "Aren't I wonderful? But that's your lot."

The crowd waved back and cheered, humbly accepting that 50 minutes of Gazza was all they could reasonably expect. Plainly you cannot hope for this man to knock back Hong Kong tequila – he did not, of course, trash the Cathay Pacific jumbo, that was done in a warm, collective spirit by the whole team – and play an entire game of ... what's it called? ... oh yes, football.

The reason is, I think, irony. Irony is currently all over English sport like a cheap suit. Top of the charts is an ironic song by those two ironic lads Baddiel and Skinner about football coming home after 30 years in which, presumably, it has been abroad. The accompanying video makes much of the fact that neither Baddiel nor Skinner can play soccer to save their lives. Plus, of course, these two host a television programme called *Fantasy Football*.

In picking Gazza, therefore, we are picking half a player; and, indeed, the clubs that have paid millions for his services must have been buying no more than 50 per cent of the whole man. This is pretty extraordinary and suggests a whole new way of doing business. I might, for example, agree to write columns for the *Independent* on the clear understanding that I would only use, say, 15 letters of the alphabet. Or John Major might agree to be Prime Minister on every other day – though perhaps he does that already.

On Saturday afternoon, something of the same spirit appeared to infect the whole England team. An entire match seemed just too much to expect from the poor dears. They were, quite simply, unfit – whether emotionally or physically I cannot say. I watched all the other weekend games and none of the other teams displayed anything like these post-interval symptoms of lassitude and exhaustion. They were all committed, fierce and fast; we were all detached, self-indulgent and languid.

This is a hopeless state of affairs. Modern sport cannot be played ironically. Other countries demand heroism and a defence of national pride from their players. In the United

League in which the one consistent joke is that nobody is particularly good at the game itself.

Fantasy is the theme of all these newspaper games at the moment. We are invited to play pretend football or whatever from the comfort of our armchairs. The effect is to distance the real game, to remove the possibility of real commitment or heroism to a safe distance. Lad culture – of which all this is the clearest expression – certainly glorifies football, but it does so with a remote, ironic, Post-Modern chuckle. It is, therefore, hardly surprising that when the real England team takes to a real England pitch they behave as if they are surprised by the reality of it all – all that grass and stuff. Gazza and friends have started to think that football means ticking boxes, not kicking balls.

This is a hopeless state of affairs. Modern sport cannot be played ironically. Other countries demand heroism and a defence of national pride from their players. In the United

States, successful sports coaches become moral shepherds to the nation. The Promise Keepers, the male fundamentalist Christian sect which is driving previously alienated urban men back to their homes and families, was started by a sports coach. In the United States, as in many other nations, sporting excellence is an expression and celebration of moral character.

Irony cannot prevail against this. The culture of Post-Modern laddery is no match for moral seriousness. Think of Gazza and then think of the basketball superstar Michael Jordan. It's a joke, right? Jordan is from another planet; Gazza is human, all too human. Okay, George Best could get drunk, have a haircut, open boutiques and still play like a god for 90 minutes. But he was a genius and Gazza is not. We cannot wait in ironic expectation of such stars.

The solution is to get serious now, preferably before Saturday comes. England expects... but then, being England, she does not expect very much.

## Labour thinks small to make a big impact

Power must be returned to the regions for us to compete in the global economy, says John Prescott

The Labour Party's constitution pledges us to strive for a dynamic economy in which decisions are taken as far as practicable by the communities they affect, and where wealth, power and opportunity is in the hands of the many, not the few. The aim of decentralising power and regenerating our local communities forms an integral part of our strategy for achieving a stakeholding society in Britain. We believe this will bring more accountability and more effectiveness.

Today we receive the impressive and substantial report of the Independent Regional Policy Commission, chaired by Bruce Millan, the former European Commissioner for the Regions. As the report of a distinguished, independent body (such as the Social Justice Commission set up by John Smith), the Millan commission's report is not a statement of Labour Party policy. It is in no way binding upon the party.

The report does, however, provide advice on an extremely important subject, and it is based on a great deal of expertise, research and experience. The Labour Party will consider its findings and recommendations very carefully over the next few months. I am sure it will provide valuable guidance for us as we develop Labour's policy.

The report shows how, with differ-

ent priorities but within existing resources, we could generate jobs and improve social justice by building on our regions. They could become more competitive, with more jobs, prosperity, investment and skills.

The commission regards traditional regional policy as a necessary, but insufficient, instrument for promoting regional economic development. Regional disparities are still a real problem. The North-South divide may have become blurred on official unemployment figures, but it is still strongly apparent on other measures. However, all regions now have problems: even London has areas in which unemployment is among the worst in England.

The new regional policy proposed by the commission is based on the use of existing resources, so as to increase the prosperity of all our regions. It proposes building on the best of current practice. We can learn from the successful development agencies in Scotland, Wales and Northern Ireland.

In England, local initiatives have attracted inward investment packages, such as that for Siemens in the North; they have salvaged Leyland Daf vehicles, produced economic plans for the West and East Midlands, and developed the Leeds to Liverpool canal zone. Just think what we could

achieve if we unshackled our regions. But government policy has been devastating for our regions. It has drastically cut back regional support. For example, in the past 10 years, the DTT's regional selective assistance programme has been cut from £500m to £100m. And, at the same time, regional economic decision-making

Economic decision-making must be devolved from Whitehall, not wrested from local communities

has been removed from locally elected representatives and put in the hands of Whitehall and quangos. The Millan commission calculates that more than £11bn a year is spent on regional development, almost all by local quangos and Whitehall. Key areas such as training, transport and elements of the Government's Single Regeneration Budget have been taken out of the hands of local elected representatives.

The regions of the United Kingdom

are now among the poorest in northern industrial Europe. This is the extent of the problem we now face, and the Millan report concentrates on solutions to it.

We are the only major country in Europe without a proper regional government structure. This puts our regions at a disadvantage in making effective use of European money. Too much is spent on Whitehall's priorities; too little on those of the regions.

Labour has made separate proposals on the political structure of regional accountability, but the decentralisation of power is also a key to economic regeneration. Economic decision-making, in the thinking of the Millan commission, must be devolved from Whitehall, not wrested from local communities or local authorities.

Renewing our regions is not a peripheral subject; it is absolutely central to delivering a modern response to the challenge being posed by the global economy. There is a strong body of evidence which suggests that the influence of the nation state has declined in this new economy. It is through networks at regional level that we can challenge global competition most effectively.

Around the world, nation states increasingly need strong, intelligent regions. Such regions are developing

elsewhere in Europe, with a network that helps business reach directly into the global economy, enabling it to adapt to – and exploit – dynamic, fast-moving situations.

Some of the recommendations of the Millan commission are already Labour Party policy. For example, Gordon Brown, Margaret Beckett and Frank Dobson have made clear our support for regional development agencies; they have worked out measures to aid small firms and set out ideas for planning and for London. Other of the commission's proposals will have to be carefully considered within the party before we reach a position on them.

Labour's plans for decentralising and devolving power aim to offer the people of Scotland, England and Wales a greater stake in their society – a new partnership with the people. Vigorous and thriving regions will also be vital to our plans for a dynamic economy that can stimulate sustainable growth. I hope this report will be a milestone on the way to a new, exciting role for the regions in British society.

John Prescott is Deputy Leader of the Labour Party.

For further details of the Millan commission report, see page 15.

"bring forth thou this fiend of Scotland..."

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Hamish McRae: Deflating the inflation bogey 19  
Market report: Regent puts brewers in a froth 18  
Investment column: Acquisitions on Unigate menu 16

# business

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## Government accused of nuclear sale deception

PATRICK TOOHER

The controversy surrounding nuclear privatisation intensified yesterday when the Labour Party accused the Government of lying to the public and misleading Parliament over details of next month's sale of British Energy, which is expected to raise up to £2bn to help fund pre-election tax cuts. Labour also attacked the big pay increases detailed in the pathfinder for British Energy's main board directors.

The allegations came as British Energy, the loss-making nuclear generating company being sold off, revealed in its pathfinder prospectus that shareholders would receive maiden dividends totalling £36m - almost twice as much as the company is expected to make in pre-tax profits in its first year on the stock market.

Up to 700 million shares in the company, representing the Government's entire stake, are being sold.

The first of two instalments for small investors will be at 100p per share, with a minimum investment of £300. So far, more than 750,000 private investors have registered for shares.

John Bartle, the shadow energy minister, said the main "story lie" was the Government's failure to ensure that there were enough funds to deal with long-term nuclear liabilities. He said: "This sale is subsidised to a quite unprecedented degree."

He added: "It is an extraordinarily bad deal for the taxpayers and if it goes ahead under these terms then a Labour government would certainly have to examine the regulatory framework in which British Energy operates."

Mr Bartle's accusation related to the storage and fuel reprocessing and decommissioning of power plants of the old Magnox reactors remaining in state hands. Some li-



Pathfinders: (from left) Robert Hawley, chief executive, Tim Eggar MP, and John Robb, chairman of British Energy

Photograph: Colin McKillop

abilities from the eight more modern reactors being privatised would remain in state hands, having been "quietly exempted" by ministers at an estimated cost to the taxpayer of £6.9bn.

But the energy minister, Tim Eggar, hit back, saying the Government was shifting £3.7bn of nuclear liabilities into the private sector. "This is a significant

benefit to taxpayers," he said.

British Energy has set up a segregation fund for retired stations endowed with an initial £228m to meet certain decommissioning liabilities. A further £16m to be paid into the fund annually will be reviewed every five years. British Energy is also extending the life of four reactors by five years each, which will lead to lower depre-

ciation charges and deferred decommissioning payments.

Mr Eggar went on to attack an independent financial analysis from two industry experts, Mike Sadnicki and Gordon Mackerron, who estimate that British Energy is worth only £400m - up to £1.6bn less than City estimates of the likely privatisation proceeds.

"That's utter garbage," the

minister fumed. "It comes from academics who do not appear to understand the fundamentals of the industry."

After taking into account all expected operational costs and liabilities, the academics reckon that the seven advanced gas cooler reactors being privatised are worthless, while Sizewell B, the newest station, should fetch £400m.

The prospectus also revealed

that total directors' remuneration will increase by 38 per cent to £1.057m in the year to March 1997.

The deputy chairman, Robin Jeffrey, will receive a 26 per cent increase in his basic salary to £157,000 when the company is floated on the stock market. The highest-paid director is the chief executive, Robert Hawley, whose basic salary is £207,000. Advisers said

NUCLEAR LOCATIONS IN UK					
Scottish Nuclear headquarters	British Energy head office				
Hunterston B (ARG)	Tomess (ARG)				
Haytham 1 & Haytham 2 (ARG)	Hartlepool (ARG)				
Nuclear Electric headquarters	Sizewell B (PWR)				
Hinkley Point B (ARG)	Dungeness B (ARG)				

TRADING RECORD OF BRITISH ENERGY					
	1992	1993	1994	1995	1996
Turnover excluding nuclear premium	1,654	1,354	1,543	1,492	1,524
Operating costs before exceptional items	(1,340)	(1,278)	(1,384)	(1,238)	(1,524)
Operating (loss)/profit excluding nuclear premium and exceptional items	(286)	(24)	159	156	130
Financing charges/credits excluding items					
-revaluation of nuclear liabilities	(267)	(200)	(226)	(278)	(226)
-interest	(11)	(5)	(1)	12	21
(Loss) on ordinary activities before taxation	(564)	(230)	(85)	(110)	(77)
excluding nuclear premium and exceptional items	(564)	(230)	(85)	(110)	(77)

the underlying increase for existing board members was 10 per cent.

Mike Kirwan, the finance director, said British Energy expected to pursue a progressive dividend policy, but admitted that payments may be uncovered by profits after tax for a number of years.

Analysts noted that the company's dividend policy depend-

ed on several factors, including inflation, which affects the group's financing charges, and prices in the electricity industry's trading "pool" not falling by more than 5 per cent in real terms. "If one were to take the bear case on each of these fronts, it would probably knock this privatisation through the floor," the broker said.

Comment, page 17

## Bass holds talks with DTI over Carlsberg merger

JOHN SHEPHERD  
Business News Editor

Bass and Carlsberg Tetley are holding fresh talks with the Department of Trade and Industry in an attempt to overcome seemingly insurmountable monopoly problems of merging their brewing interests. According to sources, representatives on both sides held talks with the DTI towards the end of last week and more talks were "announced" for this week.

The DTI is understood to be giving a hard bargain before mentioning the deal that will make the UK's biggest brewer, particularly in the light of the "cent ditching of the Government's "big is beautiful" philosophy when PowerGen's and national PowerGen's separate takeover bids for regional electricity companies were blocked. Many drinks analysts at City rooking houses have become increasingly sceptical about the chances of the merger being unannounced following the government's surprise blockage of the takeover in the electricity sector. Some also believe that Bass may be trying to push too hard a bargain, a tactic that could force Allied, owner of a half-share in Carlsberg Tetley, to walk away from the negotiating table.

"The jungle drums have been very quiet in the City lately," one analyst said yesterday.

However, he still believed that Bass remained keen to reclaim pole position in UK brewing following its relegation to second place last summer when Scottish & Newcastle Breweries bought Courage.

The principal stumbling block for the Bass deal with Allied - apart from any disagreement over price - is the pocket of regional monopolies in the Midlands and the North that a straight merger would yield. In some cases, Bass, assuming it buys Allied out of Carlsberg Tetley, would hold sway over market shares as high as 70 per cent in some areas.

Additionally, some competitors have privately expressed deep concern about the national market share of close to 40 per cent that a combined Bass and Carlsberg Tetley brewing operation would have. To overcome the problem, some analysts believe that Bass will have to relinquish some of its control over the pub market, possibly by giving off its 1,400-strong tenanted pub estate - which equates to a near-2 per cent market share.

Bass would also be able to claim that it does not have control over several beer brands it produces under licence, which would further reduce its stated market share by around another 5 percentage points.

Another prime problem is placating the Danish owners of

Carlsberg who, according to sources close to the company, do not relish the prospect of becoming a bit player in the UK, a market that accounts for a large part of its sales and generates north of 10 per cent of its profits.

Relationships between Allied and Carlsberg have been far from sweet and light since Carlsberg Tetley was formed more than four years ago. "The cultural differences have been big," one industry observer said.

Carlsberg needs reassurance about supply deals for its own beers because it does not own any pubs. One analyst said that to ensure it was not cast adrift, Carlsberg would need to have a reasonable minority say of between 15 and 20 per cent of an enlarged Bass brewing empire.

Separately, Allied Domecq, which has suffered a series of unrelated setbacks in the last couple of years, will have to show a restless City audience that it has the ability to strike a good deal for investors.

Accepting anything less than £250m for its stake, say some observers, will raise eyebrows in the City and may well lead to a investor-led backlash against senior management at Allied, which is led by Sir Christopher Hogg, who recently took over the chairmanship from Michael Jackman, and Tony Hales, chief executive.

## Telewest turns aggressive against BT

MATHEW HORSMAN  
Media Editor

Britain's largest cable operator, Telewest, will today unveil a new corporate identity throughout the UK and detail a range of TV-plus-telephone and Internet packages in an aggressive bid to win new customers.

The company, which covers 3.7 million homes in its regional franchises, is expected to guarantee that it will undercut BT on every telephone call, and to offer up to six phone-and-TV options.

The news emerged as BT said yesterday it would spend £200m with partner MCI to expand its

Internet network, adding up to a third to the overall "world-wide web" capacity through their Concert joint venture. The service will provide eight "hubs" world-wide, allowing customers, including multinational businesses, fast and easy access to the Internet.

Both BT and its cable competitors have been aggressively pitching for new telephony business in the UK. Telewest's marketing move comes in direct response to BT's new pricing regime, unveiled earlier this month.

Telewest customers will be offered a "mini-basic" package to cost as little as £15 a month for

10 cable TV channels and a telephone subscription. Other packages, some of which have already been trialled in the Midlands and the North-west, will range in price from about £20 to about £35 a month.

Telewest operates under different names in its main franchise areas, which include zones in Scotland, the North-east, the North-west, Avon, South London and the Midlands. Starting this week, it intends to market all its fully owned franchises under the name Telewest Communications.

"We looked carefully at the way our customers reacted to us across the country," Alan

Michels, the company's chief executive, said yesterday. "We discovered that 60 per cent of those in our franchise areas had no spontaneous recall of the names of our operators."

The cable industry has only recently returned to favour among investors, following several months of negative publicity about its poor marketing prowess and low take-up rates. Telewest, by far the largest operator, recently announced it would complete 65 per cent of its planned network by the end of the year, and would now concentrate on marketing its services.

"Cable operators need to

think nationally and act locally," Mr Michels said. "What we're trying to do is to be a broadband connection company so that a customer can hook up to the system for whatever reason - for his PC, cable TV, phone."

BT, like other traditional phone companies, has been slow to respond to the growth of the Internet globally, which now has about 60 million users world-wide, even though mainstream telephone systems are used by most customers to access the network.

BT and MCI estimate that the pool of Internet users could grow to 500 million by the end of the decade.

## Plans to let regions set development spending

DIANE COYLE  
Economics Editor

Up to £1.1bn could be available for regional economic regeneration under a Labour government, according to a report launched yesterday by the party's regional policy commission.

New development agencies directed by elected regional assemblies should take over this amount of existing funding from central government, the report, chaired by former EU commissioner Bruce Millan, recommends.

The report also suggests allowing regions to issue bonds in order to raise funds for investment in economic development. "There are many regionally-based financial institutions, including local au-

thority pension funds, which would be likely to welcome the opportunity to add their own region's bonds to their portfolio of investments," it concludes.

The bond issues could be kept small as an initial experiment, it suggests. Germany, Spain and Italy already have regional government bonds, as well as the US and Canada.

"I hope what we suggest here would create more dynamism in the regions," Mr Millan said. He was at pains to stress that his commission had not called for new money, but rather the regionalisation of old money so that locally-elected politicians could set the priorities.

The commission, which worked independently of the Labour Party, refrains from suggesting that most of the ex-

isting array of regional bodies such as Training and Enterprise Councils and Business Links be abolished or rationalised.

However, the report does favour "thinning out" local government quangos and making the remainder more accountable to local politicians. First for the chop would be English Partnerships, created in 1994 and mainly involved in brokering inward investment deals. English Partnerships' £280m in assets and £225m annual budget should be transferred to set up the Regional Development Agencies, the report recommends.

The Labour Party has already made a commitment to allowing capital receipts from council houses sales to be reinvested in housing.

John Prescott, page 13

## Norris: 'Barings resembled a Mad Hatter's tea party'

NIC CICUTTI

Peter Norris, the disgraced former head of investment banking at Barings, yesterday admitted that none of the bank's main board members, or those on its securities subsidiary at the time, had any knowledge of the workings of derivatives, the financial instrument that brought about the merchant bank's collapse.

He admitted before MPs that the atmosphere within Barings in relation to the activities of rogue trader Nick Leeson most closely resembled "a Mad Hatter's tea party".

"I offer the phrase in an attempt to find an analogy of how it feels, with hindsight, to know that what we were doing then was at variance with reality," Mr Norris told the Treasury and Civil Service Select Committee. During an intense grilling lasting more than two hours, and watched from the visitors' seats by Peter Baring, the bank's former chairman, Mr Norris said he accepted his "share of responsibility" for Barings' collapse.

But he denied suggestions from Committee members, including Diane Abbott and Quentin Davies, that his failure to spot Leeson's activities in Singapore was caused by the £1m bonus to his salary that he would have been awarded in March 1995, if the bank had maintained its profit target.

Mr Norris said: "If you are trying to imply that it had any impact towards my conduct of business... you are wrong."

In a tense exchange with Mr Davies, he rejected suggestions of dishonesty over his denials that he had any inkling of what Leeson had been up to prior to the collapse.

Mr Davies repeatedly quoted sections of the report by Singapore investigators which implied that they did not believe Mr Norris' version of events. The MP cited several instances where Mr Norris' evidence had been contradicted by other witnesses to the Singapore inquiry team.

"Is this not a devastating indictment of your honesty?" Mr Davies asked. "There is a lot in the Singapore report that is very soundly based and did happen," he said. Mr Norris replied: "There is also a great deal that is quite without foundation in fact and is conjectural."

Mr Norris admitted that controls over Leeson's activities were not as strict as they might have been, partly because regulatory systems appeared to be in place already and Barings' office in Singapore appeared to be making a substantial profit for the parent bank.

"Where consistent reporting comes through and reports are positive, critical faculties are less evident," he said. He added that outside regulators would, in any event, find it difficult to set up the structures needed to prevent a similar fraud taking place again, although the primary focus of what had happened was down to the rogue activities of one man, Nick Leeson.

STOCK MARKETS					
FT-SE 100	5729.80	+22.00	+0.6	3857.10	3839.50 4.08
Dow Jones	4452.60	+8.80	+0.2	4588.60	4015.30 3.41
Nikkei	1987.30	+9.20	+0.5	1945.40	1816.60 3.92
FTSE 250	2942.50	+3.48	+0.2	2244.36	1954.06 2.91
FTSE 350	2242.50	+8.71	+0.5	1924.17	1791.95 3.84
FT All Share	1974.87	+15.15	+0.3	1978.00	5032.94 2.16
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# INTEREST RATES

## Short sterling\*

Year	Rate (%)
1980	12.0
1981	10.0
1982	8.0
1983	10.0

## UK medium gilt

Year	Rate (%)
1980	12.0
1981	10.0
1982	8.0
1983	10.0

## US long bond

Year	Rate (%)
1980	12.0
1981	10.0
1982	8.0
1983	10.0

\* 90% day forward contract

\* Treasury 90/90

## Money Market Rates

	1 Month	2 Year
UK	5.75	6.19
US	5.34	5.19
Japan	0.50	0.84
Germany	3.25	3.38

\* Bankmark indices

## Bond Yields \*

	1 Month	2 Year	5 Year	Long Bond	Q3 Year Ago
UK	8.07	8.13	8.21	8.17	
US	6.96	6.37	7.09	6.71	
Japan	2.25	2.91	-	-	
Germany	6.55	6.83	7.14	-	

## MAIN PRICE CHANGES

Shares	Price (p)	Change (p)	% Change	Falls	Price (p)	Change (p)	% Change
Smith Barney	481	21	4.6	Securix	310	0	0
Amersham Intl	1015	35	3.6	Berlford	202	15	6.9
Smith Barney	290	10	3.6	Bk Of Scotland	248	16.5	6.2

Source: FT Information

## business

# Standard Life share sale cools Bank of Scotland bid hopes

MIC CICUTTI

Standard Life, the UK's largest mutual insurer, yesterday dashed hopes of a takeover battle for Bank of Scotland by announcing that it would dispose of "a substantial part" of its 32.2 per cent stake in the bank through a secondary offering.

The insurer said that Bank of Scotland would help with the marketing of its shares portfolio, worth an estimated £900m. Standard Life's decision on the Bank of Scotland shares follows a four-week review of all options in relation to its stake in the bank, which it described as a "large proportion" of its UK equity portfolio.

Scott Bell, the insurer's group managing director, said: "We continue to have confidence in Bank of Scotland's future prospects and strategies, but following our review of the options available to us, we have now decided in the interests of our policyholders to rebalance our equity portfolio."

The decision helped to cool widespread speculation over Bank of Scotland's future as an independent force in UK banking. Shares in the bank dropped by 16.5p to 248p when the news emerged.

Potential bidders tipped for the one-third stake in the bank included its rival, Royal Bank of Scotland, together with Abbey National, Lloyds and a number of foreign banks, especially from the US.

Standard Life's move, which

is believed to have caught Bank of Scotland unawares, led to the resignation of Sir Bruce Pattullo, the bank's governor, from the insurer's board.

It is understood that Bank of Scotland was keen to see the shares disposed of through a secondary offering, thus allowing it to maintain its independence, rather than being sold in one single or several large parcels.

Sir Bruce said yesterday that the bank had performed strongly and had confidence about its future.

"Naturally we are sad that Standard Life has decided to reduce its stake, but recognise that the growth in the value of the investment has resulted in a need for it to rebalance its portfolio," he said.

He added that he would comment on Bank of Scotland's current trading at the bank's annual general meeting later today.

In April, the bank reported a strong climb in pre-tax profits for last year from £268.7m to £449.7m - a result that was accompanied by a rise in the final dividend from 3.18p to 3.69p.

Although shares in Bank of Scotland fell after Standard Life announced how it would sell its stake, analysts said they were not too concerned by the drop.

A secondary offering undermined bid hopes in the stock market. Analysts said: "Admittedly it is not easy to find someone who can afford to buy the Bank of



Sad but resigned: Sir Bruce Pattullo remains confident about the bank's future

Scotland, given its size, and [that] a premium would be required," one said.

"But my sense is that this just kicks the shares back down to

where they were before all the news hit." Before the announcement a month ago that Standard Life was looking to dispose of the stock, Bank of

Scotland's share price stood at 242p. By the end of that week it had leapt to around 270p and reached a high of 286.5p on 21 May.

## BA's US deal set for flight

DAVID USBORNE  
NEW YORK

A long-awaited deal between British Airways and American Airlines to combine their routes across the Atlantic in a code-sharing arrangement is set to be announced in New York this morning, sources indicated yesterday.

The two carriers, which are already among the most profitable in the world, are expected to propose a deal that will involve a pooling of resources and profits on traffic between Britain and North America. The airline programmes of the two airlines would also be linked. But the agreement stops short of an exchange of equity between the companies.

It would represent the latest in a series of code-sharing pacts reached by big airlines as a means of extending their reach around the world without actually having to merge with each other and relinquish their identities. United Airlines and Lufthansa recently consummated such a deal, while Northwest Airlines and KLM have been linked for a few years.

A tie-up between BA and American is likely to face several hurdles, however. Alarm bells will be sounded with government regulators and with other carriers competing across the Atlantic because of the sheer power that would be wielded by the two carriers in combination. Together, they already account for some 58 per cent of traffic between Britain and the US.

## IN BRIEF

• Lloyd's of London has been forced to hold an EGM by five names' groups: the Lloyd's Names Association Working Party, the Paying Names Action Group, the Writs Response Group, the Judicial Review Initiative and the Lloyd's Defence Shield. The aim, said the LNAWP, was to increase the £3.1bn settlement offer in Lloyd's reconstruction and renewal plan. The LNAWP feels the £200m pledged by managing agents so far is "woefully inadequate" and hopes to double this amount due to the better-than-expected commissions made by agencies over the last few years.

• Banking systems in emerging countries remain fragile even though world financial markets have been relatively calm in the year after the Mexican crisis, the Bank for International Settlements warned in its annual report yesterday. The central banks' bank said that many developing country banks were inefficient, that the legal framework in many countries was unsatisfactory, and that banks tended to have inadequately diversified loans, many lending heavily to related companies. *Hamish McRae, page 19*

• Two partners at BDO Stoy Hayward, the accountancy firm, earn more than £250,000, according to figures released for the first time. The firm, which is one of the "second tier" of practices just below the Big Six, disclosed that the average earnings of the 158 equity partners rose 6 per cent to £92,000 in the year to the end of March. Fee income grew by 4.8 per cent, to £100.3m.

• Unemployment in Germany fell by 7,000 to 3,926,000 last month, following a 60,000 fall the previous month. The seasonally adjusted unemployment rate was unchanged at 10.3 per cent. The declines mark the reversal of earlier weather-related increases.

• Two ice-cream makers who bought their company from Unilever five years ago, will find their shares in the business worth £10m when it comes to the stock market. John Butters and Barry Thomas will retain a 43 per cent stake in Treas, which will be valued at £19.5m. The shares are priced at 174p.

• ING Group confirmed that its ING Barings unit had launched a court claim in the US for more than \$10m (£6.5m) against Deutsche Bank. The complaints cited in the suit relate to how Deutsche Bank's investment banking unit Deutsche Morgan Grenfell hired 45 ING Barings employees from its Latin American equities operations.

• Kleinwort European Privatisation Trust plans to replace 60 per cent of its 500 million shares with convertible loan stock. The company can then begin to redeem to pull up the value of the stock and the shares which have fallen from the initial 100p in January 1994 to 92.5p, a discount of 17 per cent on the net assets. The reorganisation follows complaints from shareholders.

• Abbey National expects to pay out £470m in shares and £880m in cash to members of National & Provincial Building Society when it is taken over at the end of August. Average payouts are £1,300, and the 310,000 borrowers and 136,000 short-term investors get £500 in shares.

## Acquisitions on the menu as profits flow at Unigate

### THE INVESTMENT COLUMN

EDITED BY NIGEL COPE

After last year's impressive rise, shares in Unigate have looked wobbly this year and lost 10 per cent of their value at the time of the BSE scare in March. But things are starting to look up.

The sale of the 29 per cent stake in Nutricia in December for a net gain of £21.2m has transformed the company's balance sheet leaving net cash of £170m. Since the year-end, the troublesome Black Eyed Pea chain of US restaurants have been sold, requiring a total provision of £59.5m. The Taco Bueno chain will be off-loaded this year leaving Unigate concentrated on two main businesses, fresh foods and distribution.

With the funds likely to be used for an acquisition rather than a share buy-back, the market wasted no time trying to second-guess a possible target. Shares in Geest, shorn of its troublesome banana business, stormed 20p ahead. Dairy Crest, the foods group that is coming to the market valued at £274m, would be an easy digestible bite. There is a hint that a European deal could also be on the cards as Unigate has named its recently acquired French business, St Ivel Europe, even though it only includes the French division. The City would prefer a food deal, but an acquisition to bolster the Vincanton logistics business is also possible, with Tibbitt & Britten a candidate.

Acquisition talk meant Unigate's results took something of a backseat. Profits jumped from £58m to £209m in the year to March though this was largely due to profits on disposals including the Nutricia stake and the Giltspur exhibitions business. At the operating level, profits rose 12.2 per cent to £114m. As expected, profits in the dairies business fell from £38m to £35m. Doorstep sales of milk fell 16 per cent during the year but the fall is slowing. Milk supply to the supermarkets remains under pressure as the grocers squeeze supplier margins. Chief executive Ross Buckland is still angry about Milk Marque's price rises and supports inquiries that could see the situation corrected.

European Foods had a good year boosted by the first full-year contribution from the French businesses. Malton, the UK's largest supplier of bacon, ham and pork, also performed well, though the benefit from the beef scare will be felt in the current year's profits. Vincanton Logistics, the distribution division, added

new customers and has invested in new automated warehouse. Analysts are sticking with a profit forecast of £120m. With the shares up 8p to 417p, that puts Unigate's stock on a forward rating of just over 10. This is a discount to the sector which would make the shares look cheap if Mr Buckland pulls off a decent deal. With little downside the shares are worth a look.

### Little shine at Salvesen

After six years of restructuring Christian Salvesen, chief executive Dr Chris Masters would have hoped to be a lot further along than this. A raft of businesses have been sold, including everything from brick-making to pollution-control equipment. What remains is the distribution business, the Aggreko power generation and temperature control division and food services. The latter, which processes frozen vegetables, is deemed non-core but is profitable and there are no plans to sell it.

Salvesen may be lean and mean compared to what it was but the shares have not responded. After reaching nearly 400p in early 1993, they plunged in 1994 after Aggreko ran into problems in the US. Since then they have gone precisely nowhere as the company wrestled with Aggreko and the logistics business hit a rough patch.

A continuing problem is the

company's exposure to the supermarket groups, which have been hammering supplier margins.

Pre-tax profits for the year to March fell from £111m to £87m, although the previous year's figures were inflated by exceptional gains. Group operating profits edged up to £80m but profits in European logistics fell due to "severe pressure" in the food markets in Germany and the UK where Salvesen supplies most of the big supermarkets.

The company is trying to reduce its dependency on the grocery sector although it still accounts for 31 per cent of the division's profits. It has been introducing more flexible working practices and investing heavily in new technology. Profits were hit by a £1.5m charge to cover redundancy costs associated with the shift to seven-day working required to fit in with retailers' Sunday trading. Germany was even more of a problem where the de-regulation of the transport industry increased competition and pushed Salvesen's division into a £2m loss. No improvement is expected in the short term.

With costs reducing and the supermarket groups showing more willingness to work with suppliers, there are signs that the worst is over. Elsewhere, the Aggreko business had a good year, pushing up profits by a heady 19.5 per cent to £30.7m.

For all this, there are signs that Salvesen may be about to lift itself off the bottom as improvements in its logistics division start to reap dividends.

Henderson Crosthwaite has increased its profits forecast to £81m. With the shares unchanged at 243p and on a forward rating of 13 there are some attractions. But not one to over-excite. Hold.

### Berisford feels the heat

It is hard to imagine that Berisford was once a glamour stock. The transformation from a diversified, loss-making commodities business into a more focused kitchens, joinery and catering equipment group initially won many followers in the City.

From a low of 48p when a new management team came on board in 1992, the shares touched 260p last year as the company bounced back into the black for the first time since 1989 and resumed dividend payments. The improvement continued into the first half, with pre-tax profits rising by 7 per cent to £11.9m and the payout jumping 50 per cent to 1.5p.

But the two legs on which the Berisford bandwagon now stands - kitchen and joinery division - Magnet and US commercial oven maker Weibull - look a bit wobbly.

Magnet, bought for £58m two years ago, remains very exposed to the fragile UK housing market. In the six months to March, housing starts fell 16 per cent while transactions were 13 per cent lower on the same period a year ago. Building products also suffered, sending the division's operating profits down to £2.3m from £6.5m on sales of £92.9m (£94.5m). Prospects for building products in the UK remain depressed, though there are the first tentative signs of an increase in domestic kitchen sales. Weibull, picked up for £198m last year, fared better. It almost tripled profits to £18m as turnover soared to £140m from £46.5m. Piggy-backing on the expansion of fast-food restaurants ought to make sense, but even here Berisford cannot expect a smooth ride.

While the chains continue to go from strength to strength at the expense of traditional caterers, price competition in ovens ranges, the core product, is intensifying. Berisford is switching to fryers, grills, steamers and microwaves, but the transition will incur a £1.6m cost this year.

In-fill acquisitions in bedroom products and PVCu plastics are earmarked, though chief executive Alan Bowkett is unhappy about some of the prices being asked.

Pre-tax profits of £33m put the shares, down 15p to 202p yesterday, on a forward multiple of 13, yielding 3.1 per cent. Unattractive.

## Brokers relinquish circular saw

### CITY DIARY

JOHN WILLCOCK

No more brokers' circulars! Five of the UK's largest stockbroking firms have decided to do their bit for saving the rainforests by delivering research electronically, straight to the desk tops of fund managers. The brokers, which include SBC Warburg and NatWest Securities, reckon that last year alone they published more than 18,000 pieces of research which used over 1,600 tons of paper pulp - representing 19,500 trees. They also employed more than 2.3 million individual courier runs to deliver the stuff, generating untold amounts of Kawasaki 250 exhaust fumes. First Call Research Direct is the outfit delivering the material screen-to-screen. It may be a green idea, but it's a sad day for rosey motorbike enthusiasts.

I think it was Winston Churchill who asked, after being appointed Chancellor of the Duchy of Lancaster, "What is a Duchy and where is Lancaster?" Anyway, Roger Freeman is the present incumbent, and Minister of Public Services to boot. Mr Freeman is also the minister responsible for implementing the Government's policy on Mad Cow Disease and the eradication thereof. The National Farmers' Union has invited the minister to address its north-eastern area on the subject, and obviously has a very clear idea of the Duchy's duties. In its announcement, the NFU dubs Mr Freeman simply: "Mr BSE."

Now that Lord Kingsdown has retired as Governor of the Bank of England he has more time to devote to his

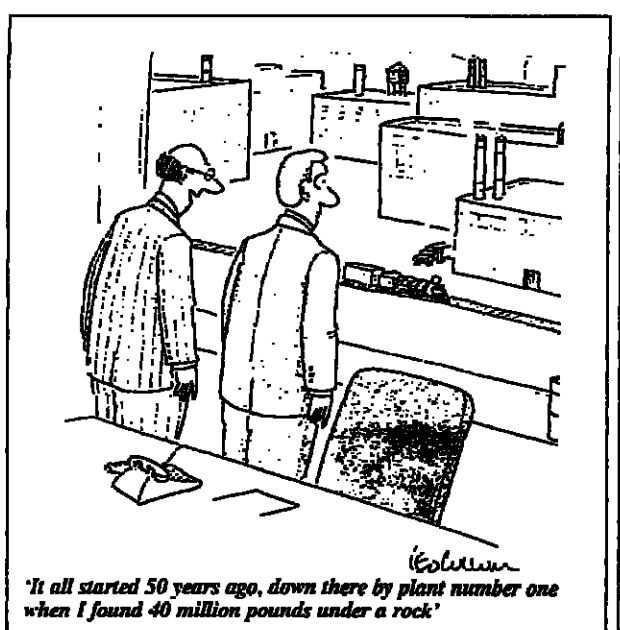
favourite hobbies such as bee-keeping and being Lord Lieutenant of Kent. But it's not all fun. Every month he has to head off to Basle for the board meeting of the Bank for International Settlements, the central bank for central banks. Lord Kingsdown has been a director since stepping down as Governor, and is succeeding Carlo Azeglio Ciampi as BIS vice-chairman. Not to worry, though. The BIS's formal meetings are extremely short. According to sources, all the real business is done informally. "The BIS is like a global restaurant for central bankers," the source said. Sounds like the ideal retirement job.

Howard Seymour, head of BZW's construction research team, recently sent his deputy, Chris Grant, on an

analysts' trip to Denver, Colorado. A dozen analysts were there to hear a presentation by the giant construction firm Camas. The analysts took themselves off to a local Denver night spot called the I-Zone - where Mr Grant was refused entry. Apparently the doorman refused to believe Mr Grant was over 20 without suitable identification. Perhaps this explains Mr Grant's nickname among fellow analysts - "Student."

NatWest Ventures has just completed an MBO of an MBO - a £20m secondary buyout of the Solicitors' Law Stationery Society. This supplier of paper and biros to the legal profession is better known as "Oyez", and was formerly upheld of the law, Robert Maxwell.

One way to get going: The venture capital group 3i has done an analysis of 164 companies it has invested in, titled: *The independent business sector - what does it take to be successful?* By using "stepwise multi-regression and qualitative response models" (oo-er), and cartoons such as the one below, 3i came to the startling conclusion that fast-growing companies have "a strongly focused business strategy" and high profits come from "product differentiation". Blow me down with a feather.



COMPANY RESULTS				
	Turnover £	Pre-tax £	EPS	Dividend
Asda (F)	127m (100m)	10.2m (8.21m)	30.1p (25p)	8.4p (-)
Barclays (F)	243m (155m)	11.5m (11.1m)	6.5p (7.7p)	1.5p (-)
Care UK (F)	8.6m (8.55m)	1.65m (1.16m)	3.10p (2.07p)	0.30p (-)
James Cropper (F)	57.8m (49.7m)	1.85m (2.57m)	13.7p (19.5p)	3.3p (3.7p)
Den Valley Water (F)	11.8m (11.5m)	5.8m (4.46m)	40.22p (24.84p)	14.9p (10.6p)
Electrocomp (F)	680m (473m)	99.2m (86.1m)	15.8p (13.7p)	8.0p (5.825p)
Electronic Data (F)	7.89m (6.33m)	1.5m (1.81m)	3.93p (4.55p)	0.687p (0.887p)
Enner Holdings (F)	16.3m (14.7m)	0.45m (0.40m)	1.5p (1.4p)	0.45p (-)
Garrod (F)	96.3m (85.9m)	3.75m (14.8m)	6.15p (19.97p)	4.12p (-)
Gold Group (F)	201m (168m)	18.2m (15.4m)	24.2p (20.2p)	8.3p (-)
Full Circle Inds (F)	7.2m (6.02m)	-0.05m (-0.98m)	-0.82p (-1.88p)	0.1p (-)
DC International (F)	1.38m (0.64m)	0.21m (-0.08m)	1.7p (-1p)	nil (nil)
Harold (F)	179m (149m)	18.7m (11.6m)	20.8p (13.6p)	4.5p (-)
Rawlinson Saw (F)	13.8m (12.9m)	3.31m (2.79m)	18.64p (14.68p)	2.57p (-)
Christian Salvesen (F)	700m (646m)	77.5m (104m)	18.2p (25.8p)	8.85p (-)
BBG Group (F)	148m (117m)	13.4m (6.74m)	30.7p (23.2p)	4p (-)
Stinson (F)	8.32m (6.58m)	0.38m (0.21m)	2.1p (1.6p)	1.3p (1.3p)
Unigate (F)	15.9m (13.5m)	1.31m (1.82m)	8.19p (13.43p)	1.3p (1.8p)
Widney (F)	2.78m (1.89m)	289m (28.3m)	113.2p (10.4p)	19.2p (-)
Widney (F)	18.8m (18.7m)	0.71m (0.56m)	4.02p (3.03p)	1p (-)

(F) - Final (I) - Interim

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## COMMENT

The Fayed factor, however many top names and celebrity non-execs are recruited to the board, is going to hang like a spectre over any flotation attempt.

## Harrods to float at £2bn? Pull the other one

When Mirror Group Newspapers was floated on the stock market, the issue had to be priced to reflect what advisers called "the Max factor". This recognised that whatever was done to ring-fence the company from Robert Maxwell's other business interests, it made no difference. So long as the great man remained in situ, investors would demand a discount that reflected his checkered business record and his well-documented tendency towards fraud. As it turned out, the market's view was wholly vindicated. Not until Mr Maxwell had gone and all vestiges of his legacy swept away, did the shares begin trading at what might be considered a fair value for the business.

Nobody would suggest that Mohamed Al Fayed, owner of Harrods, has anything very much in common with Robert Maxwell, but there is one thing they do share; they have both been severely and publicly criticised by Department of Trade inspectors. By the time he floated his company on the stock market, Mr Maxwell had largely erased this from his copy book. When anyone asked him about it, he falsely claimed that the courts had overturned the inspectors' findings, and he tended to sue those who questioned his *bona fides*. Even so, few of those charged with managing other people's money forgot the damning Board of Trade findings. Every time he tried to tap the capital markets, they extracted their pound of flesh.

Mr Fayed, who is considering floating Harrods on the stock market, will find him-

self in a similar position. In 1986 the Department of Trade and Industry said of the Fayed factor that they dishonestly misrepresented their origins, their wealth, their business interests and their resources to the Secretary of State, the Office of Fair Trading, the press, the House of Fraser board and House of Fraser shareholders, and their own advisers. In other words, they lied. Like Robert Maxwell before them, they have attempted to overturn these findings through the courts. The campaign has not been without some success, for the sheer weight of the legal and public relations effort has convinced many that the Fayed factor was badly treated and the Board of Trade report was flawed. However, the inspectors' findings have not yet been struck from the register.

Mohamed Al Fayed would hardly be the first successful businessman to be accused of lying. And anyway, say advisers, it was all a long time ago. Even so, the Fayed factor, however many top names and celebrity non-execs are recruited to the board, is going to hang like a spectre over any flotation attempt. What makes this flotation doubly more difficult for Mr Fayed's no doubt handsomely paid advisers is that he is also demanding a valuation - about £2bn - which looks like pure fantasy. Even without the Fayed factor, investors would never weather anything as fancy as this.

It is claimed that Harrods will, by the turn of the century, be making annual profits of £100m. That's going to be from last year's level

of around £70m, but let's be charitable and take it as read. Harrods would then stand on prospective multiple of about 30. Top international fashion businesses might just about command such a valuation. Department stores, even when the name is that of Harrods, do not. As British Energy and Railtrack are proving, anything can be floated if the price is right. But Mr Fayed will not get £2bn for his company. Many will boycott him altogether.

### Paying through the nose for common sense

The world is changing so significantly that competing in the near future will be very different from the way it has been in the recent past. The words are taken from a recently published book by two consultants at McKinsey & Company, but they could have been said by just about any management consultant over the past 20 years.

All the same, statements like this have struck fear into the hearts of Britain's boardrooms and made the occupants more ready than ever before to call on consultants to help them cope with the chaos and confusion of a changing world. Management consultancy is said to generate up to £2.5bn a year in UK billings nowadays. The industry encompasses a huge range of talent, from the totally incompetent to the highly accomplished, but it is McKinsey which has

acquired the mystique of the place to go to if you are being really serious. In recent months, Shell and fellow Anglo-Dutch multinational Unilever have publicised the firm's role in formulating their new structures. Now, the BBC's reorganisation for the digital age is reminding us of the help it has been giving to John Birt and his colleagues.

Much of its success can be put down to its policy of encouraging its people to leave its well-paid, high-pressure confines for positions where they can influence people and hire their old associates. Asda chief Archie Norman, Bank of England deputy-governor Howard Davies and CBI director general Adair Turner are all, like best-selling author and management guru Tom Peters, alumni.

But it also owes something to business people's belief in quick fixes. In going after McKinsey they are doing the modern equivalent of buying IBM because no one ever got fired for doing that. They are a bright lot and no doubt deserve whatever they are paid. But ask any of the handful of British companies that have managed to be successful over decades rather than a few years about their commitment to any of the fads management consultants like to hook their wagons to and as likely as not they will look at you blank-faced. Sure, they listen to the consultants, but they also make up their own minds. There is a limit to the number of times you can re-invent the wheel. As one senior consultant admitted recently, "good

consultancy is essentially common sense". How strange that executives feel they have to pay so dearly for a commodity like this.

### British Energy gets it with both barrels

We were obviously a little premature when we said in Saturday's business comment that neither Labour nor the environmentalists was particularly bothered about nuclear privatisation. While it is true that neither has been particularly vocal on the matter in recent months, they were giving it both barrels yesterday, as the British Energy prospectus was published. What they said about it distils down to just one thing though: the taxpayer is being ripped off. Now there's a thing. It is what Labour has said about virtually every privatisation to date. The effect, invariably, is to give the marketing process an unexpected boost, for if the taxpayer is losing, someone else is gaining.

Whoever you believe about all this, there is no doubt that British Energy is a very odd sort of company. As an investment, it is like a wasting asset, for dividends are to be paid for the foreseeable future out of capital. If you never expect to build another nuclear power station again, which is true of British Energy, then this seems not a bad policy, but it is one many investors will have some difficulty getting to grips with. Even so, British Energy has been priced to sell.

## Lower factory gate prices support Clarke's rate cut

DIANE COYLE  
Economics Editor

Prices charged by manufacturers at the factory gate fell in May for the first time since August 1992, according to figures yesterday which lent support to Kenneth Clarke's surprise cut last week in the cost of borrowing.

There was further good cheer for the Chancellor in news that the recovery in retail spending strengthened last month, although this weighed against his interest rate decision. Sales growth at big stores was the second-highest since it started its monthly survey, the British Retail Consortium said.

Most analysts believe growing evidence of a consumer recovery led Eddie George, Governor of the Bank of England, to oppose last week's quarter point reduction in base rates.

Mr George said yesterday there was room for "minor disagreements" in the monetary framework.

Economists said the slowdown in producer price inflation would be echoed in lower retail price inflation in the next 12 months unless retailers took the opportunity to increase their profit margins.

Adam Cole, an economist at James Capel, said: "The producer price figures provide just the sort of justification for last week's base rate cut Mr Clarke

will have been hoping for." Prices charged by manufacturers fell 0.1 per cent in May, taking their year-on-year increase down to 2.9 per cent from 3.2 per cent in April.

"Core" prices, excluding energy and food, grew at an annual rate of only 2.4 per cent, although they edged up in May. Prices paid for materials and fuels fell 0.5 per cent, taking their annual rate of increase to 1 per cent, down from 2.4 per cent in April. An 8 per cent fall in crude oil prices accounted for the drop last month.

There was an even more dramatic slowdown in "core" input prices, down 1.7 per cent in the year to May after falling 1 per cent in the year to April. This measure of prices right at the beginning of the production chain has fallen for eight months running - the longest run of declines since the mid-1980s. The only remaining area where materials costs are rising is imported foods, up 3.9 per cent in May despite the pound's strength.

"This is unambiguous good news on inflation," said Simon Briscoe, UK economist at Nikko Europe.

The good news on consumer spending was the rise in annual sales growth at 75 big retailers monitored by the British Retail Consortium.

The value of like-for-like sales was 6.2 per cent higher in

May than a year earlier, the highest recorded since the survey started at the beginning of 1994 apart from an Easter-boosted surge in March.

The increase - in the oldest May on record - represented a significant advance on the 4.1 per cent average growth of the previous three months. Housing-related items such as china, furniture and DIY products did particularly well.

So did clothing, with knitwear purchases offsetting disappointing sales of warm-weather clothes. Vitamins sold well at the expense of sun creams.

Andrew Higginson, chairman of the BRC's economics committee, said: "Last week's modest interest rate reduction was welcome and is a further step in the right direction."

Andrew Sentance, a London Business School economist who advises the BRC, said: "On current trends we are heading for the strongest period of consumer growth seen in the UK since the late 1980s." He added, though, that the present environment was very different from the boom conditions then.

The pound lost more than a penny against the mark, ending at DM2.322 yesterday. It also closed down a cent at \$1.5317. Most of the rash of economic figures due later this week are expected to tilt Mr Clarke's way.



One of the few remaining corporate bastions where one person holds the dual roles of chairman and chief executive has fallen. Smiths Industries, the defence electronics company and one of the leading 100 companies in the UK, yesterday announced that Keith Butler-Wheelhouse (right) will become chief executive, succeeding Sir Roger Hum (left) who will still remain

chairman. Mr Butler-Wheelhouse, 50, joins from the Swedish Saab Automobile company, where he has been chief executive for four years. Sir Roger said: "With all the advantages of an outsider coming in, he will bring fresh thinking and vision to our affairs." No salary details are yet being released. Sir Roger last year earned £644,000, including bonuses.

## Citic cuts stake in HK Telecom

STEPHEN VINES  
Hong Kong

A fresh bout of uncertainty hit the Cable & Wireless-controlled Hongkong Telecom with news yesterday that its main Chinese-owned shareholder, Citic Pacific, had cut its stake in the colony's telecommunications company from 10 to 8 per cent.

Citic Pacific is the locally listed arm of Peking's largest investment company, the China International Trust and Investment Corp, which recently raised its stake in Cathay Pacific Airways from 10 to 25 per cent

amid suggestions that it would eventually take control of the airline away from the British-run Swire Pacific.

The sale of its Hongkong Telecom stake raised some HK\$35bn (£252m), which will contribute to the HK\$6.3bn Citic Pacific needs to raise for the Cathay deal agreed in April and for a clutch of infrastructure projects in China.

This is the second time this year that Citic Pacific has sold down its stake in Hongkong Telecom. In January it raised about the same amount when reducing its share ownership

from 12 to 10 per cent. When it first acquired Hongkong Telecom shares in 1988 Citic's holding stood at 20 per cent.

However, the sale cannot be clearly seen as a sign of retreat from Hongkong Telecom because Citic Pacific makes frequent forays into the market to raise cash. In September 1995 it cut its stake in Cathay before returning eight months later to take a far larger share.

The Chinese-controlled company says it sold the shares in order to "refocus" its investment strategy, however it retains a holding in the telecommunications

utility in the nearby Portuguese enclave of Macau and had previously identified telecommunications as part of its core business.

Hong Kong investors are keen to find out who bought Citic Pacific's shares, at a hefty 6 per cent discount. The company declines to comment. In recent weeks there have been market rumours that China's second telecomunications network, China United Telecommunications Co, in which Citic Pacific's parent has a significant share, would be buying into Hongkong Telecom.

## Chiltern MBO approved

CHRISTIAN WOLMAR  
Transport Correspondent

The franchise to run the Chiltern Railway, the most modern commuter line on the rail network, has been won by M40 Trains, the management buyout team.

The team, led by Adrian Shooter and backed by John Laing and 3i, has been announced by Roger Salmon, the franchising director, as the preferred bidder to run Chiltern which operates trains out of Marylebone to commuter towns such as Aylesbury and High Wycombe, and services to Birmingham.

It is thought the winning team has plans to expand and speed up the Birmingham service, which takes two and a half hours, providing real competition for the West Coast Main Line. There are also suggestions of a shuttle service to London suburbs using older trains.

The line was improved under the "total route modernisation" plan in the early 1990s as an experiment to discover if more reliable services in modern trains attracted more customers to rail and the scheme has proved hugely successful, making the franchise one of the most sought after on the network.

The victory by the management buyout team reverses the recent trend of in-house bids losing out to competitors outside the industry.

Final terms of M40's bid will be negotiated over the next fortnight, and the MBO team will probably start operating services within a couple of months.

media  
marketing  
sales

# 2 FOR 1 ODEON CINEMA TICKET OFFER WITH THE INDEPENDENT

To celebrate 100 years of British cinema we have linked up with Odeon Cinemas to offer all readers two tickets for the price of one at participating Odeon Cinemas throughout the UK. Among the films showing are *Primal Fear*, *From Dusk Till Dawn*, *Mr Holland's Opus*, *Muppet Treasure Island*, *Spy Hard*, *The Birdcage*, *Copcat*, *Things To Do In Denver When You're Dead*, *Toy Story*, *Executive Decision* and more.

**How to Qualify**  
The offer is valid until Thursday 13 June 1996. Simply collect three differently numbered tokens from the thirteen we will be printing. Token 11 is printed today; Token 12 will be printed in The Independent tomorrow. Attach them to our final voucher which will also be printed tomorrow. Then take the voucher to a participating Odeon Cinema to qualify for your free cinema ticket when you purchase another. To find out where your local Odeon Cinema is simply call Talking Pages on 0800 600900.

**Now And Then** (certificate PG) stars Melanie Griffiths, Demi Moore, Rosie O'Donnell and Rita Wilson in a nostalgic and funny portrait of how one Summer set in motion the adult lives of four remarkable women. In 1970 they made a friendship pact as the not-so-innocent world of childhood



adventure was cracked by the reality of divorce and the spectre of a 25 year old murder mystery. Now they gather together to solve one final mystery: how the girls they were at 12 could have become the women they are now.

**From Dusk Till Dawn** (certificate 18), tells the story of the notorious Gecko Brothers (George Clooney & Quentin Tarantino), two of America's most dangerous criminals, on

the run from the Texas police and the FBI after a crime spree through the South-west. Also starring are Harvey Keitel and Juliette Lewis.

**Muppet Treasure Island** (certificate U), the Muppets are back and ready to cast off and set sail on their zaniest adventure ever, as they encounter pirates, buried treasure and some angry warhogs, in Walt Disney Pictures' all-new, live-action, musical feature.

**Spy Hard** (certificate PG), stars Leslie Nielsen as Agent WD-40, a.k.a. Steele - Dick Steele in a comedy of high-voltage adventure, high-tech gadgetry and low-brow humour.

**In Toy Story** (certificate PG), six year old Andy's toys have a life of their own when left alone. Led by Andy's favourite toy Woody, the fearless pull-string cowboy doll, the toys live a quiet life of dedication to their master. All this is thrown into jeopardy on Andy's birthday, the most dreaded day in the life of a toy, when the fear of being replaced by another toy can become a reality.

**Up Close And Personal** (certificate 15) stars Michelle Pfeiffer as Tally Arwater, a articulate, sophisticated and charming newscaster. She is a familiar and comforting face to millions of network TV news viewers. Going from small-town weathergirl to prime-time network anchor she was aided and abetted by Warren Justice (Robert Redford) a brilliant older newsmen, her mentor and lover. Their romance is intense and exhilarating yet each breaking story threatens to drive them apart.



Up Close and Personal

### TERMS AND CONDITIONS

1. The 'free' ticket may only have a value equal to, or less than, the purchased ticket (i.e. the purchase of a child's ticket will not entitle an adult to free admission).
2. The voucher is only valid for admission to one film showing at Odeon Cinemas between 3 June - 13 June 1996.
3. The voucher is only valid when three differently numbered tokens are attached from The Independent or local Sunday.
4. This offer may not be used in conjunction with any other offer or discount.
5. Odeon standard terms and conditions of purchase apply.
6. The voucher may not be used for telephone bookings and does not give the holder preference over other customers.
7. Odeon Cinemas reserve the right to refuse admission.
8. This offer does not apply to Odeon Leicester Square & Mezzanine, and the Odeon West End.
9. Photocopies of tokens are not acceptable.

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ODEON CINEMAS

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# market report/shares

## DATA BANK

FT-SE 100  
3728.8 +22.2

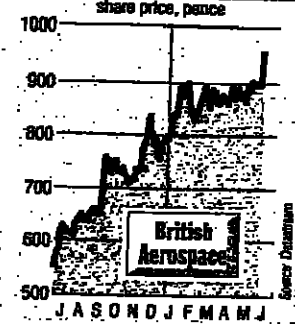
FT-SE 250  
4452.6 +6.8

FT-SE 350  
1887.3 +9.2

SEAQ VOLUME  
520m shares,  
31,439 bargains

Gifts Index  
92.41 +0.21

## SHARE SPOTLIGHT



## Regent's interest in SFI adds froth to brewing sector



### MARKET REPORT

DEREK PAIN

Stock market reporter  
of the year

Another battle of the beer pumps could be about to break out in the stock market. High flying Regent Inns has swallowed a 5.5 per cent interest in smaller rival Surrey Free Inns and was yesterday said to be approaching large investors offering to buy their shares.

SFI, strong in recent weeks, rose 2p to a 270p peak, pricing the company at £28m. Regent, up 9p to 248p, is valued at more than £200m.

The Whitbread leisure giant is among SFI's backers, through a loan stock which is convertible into around 4.5 per cent of the capital. It inherited the stock when it acquired the UK brewing interests of John Labatt, the Canadian brewer which pumped around £500,000 in SFI as part of a rescue package. Since running into difficulties a few years ago SFI has made strong headway, building on its Little Tree formula for

big pubs. Greig Middleton, the stockbroker heading Regent's buying spree, has forecast SFI profits of £1.2m for the year just ended and £2.3m for the current year.

Last year Regent bid unsuccessfully for Unicorn Inns, with the pub chain eventually falling to Morland, the Thames Valley brewer.

Regent's interest in SFI is the latest example of a growing ferment among the pub groups, many evolving following the Government's controversial Beer Orders which forced large brewers to sell 11,000 pubs.

Enterprise Inns and Inn Business have recently made pub acquisitions and there has been talk of bids for Tom Cobbleigh, up 3p to 249p and Old English Pub Co, 10p higher at 148p.

SFI had apparently been given the impression Regent's 5.5 per cent stake was a pas-

sive holding. The aggressive buying by Greig Middleton has prompted it to complain to the Stock Exchange about Regent's tactics.

The rest of the stock market rallied after Friday's relapse with the FT-SE 100 index gaining 22 points to 3,728.8. But trading was pathetically thin with few investors, big or small, prepared to take significant action.

British Aerospace remained the star attraction, climbing a further 24p to a peak 96p. Four years ago the company looked grounded with the shares 125p.

The latest surge has been accompanied by rumours of al-

liances with Boeing and the flotation of Airbus Industrie where BAe has 20 per cent. Merrill Lynch's prediction the shares are worth 1,400p has also been an important influence.

British Airways rose 4p to 553p as stories circulated its link with American Airlines would be announced today. Bank of Scotland fell 16.5p to 248p as hopes of an early takeover bid were dashed by Standard Life's decision to spread its 32 per cent stake among institutions. The market is convinced a single buyer was prepared to take the stake, thereby triggering a bid.

Football clubs, Manchester United and Tottenham Hotspur, enjoyed the Murdoch generosity over Premiership television rights and BSkyB ignored talk it had overpaid with a 6.5p gain to 437p.

Ladbroke, in busy trading, was back among the takeover runners with a 6p gain to 188p and WH Smith rose 21p to 481p on reports it would pay Boots £50m to take its half share in the struggling Do It All chain.

A de Gruyck, a Channel Island retailer, added 20p to 190p as Merchant Retail declared it had acquired 883,000 shares at 180p and taken options on a further 2.4 million, giving it 23.3 per cent. A started de Gruyck said it wanted to hold talks with Merchant Retail. The Channel Island company runs Jersey's top department store.

Geest, the food group, gained 20p to 232p on the feeling cash rich Unigate will pounce. GGT, the advertising

agency, improved 6p to 250p on continuing bid speculation but Blenheim, the exhibitions group where United News & Media has expressed interest, fell 20p to 438p.

Anagen was at one time down 27p to 42p following reports of "serious problems" in developing its Auraflex blood testing system. There was a partial rally to 53p when the company said it remained confident about its prospects.

Phytopharma jumped 50p to 268p on encouraging phase 111 tests for its eczema treatment and ahead of figures today. Amersham International put on 35p to 1,015p.

Cairn Energy continued to reflect Mobil bid talk, gaining 27p to 301p and waste disposal group Caird put on a further 24p to 343p following last week's upbeat statement.

B. Eddow, the engineer, gained 2p to 99p; it is holding an investment presentation today.

Watch Chieftain, the innovation supplier. A re-rating is likely with one investment house said to be forecasting profits of more than £500,000 for this year. Last year it lost £536,000. The shares held at 34p.

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### Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items. Other details: 7 Ex rights; 8 Ex dividend; 9 Ex all UK United States Markets; 10 Suspended; 11 Partly paid; 12 Nil Paid Shares; 13 All Stock. Source: FT Information.

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UK Company News	02	Wall St Report	10	Electricity Shares	40
Foreign Exchange	03	Tokyo Market	21	High Street Banks	41

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### Market leaders: Top 20 volumes

Stock	Vol/100	Stock	Vol/100	Stock	Vol/100
BT	120000	Harrold	94000	BT	120000
Unilever	100000	Ladbroke	90000	BT	120000
Sainsbury	100000	Bank of Scotland	70000	BT	120000
British Gas	100000	HSBC (5p)	60000	BT	120000
British Gas	100000	Sun Alliance	50000	BT	120000

### FT-SE 100 Index hour by hour

Open 3728.8 up 22.2	11.00 3732.8 up 22.5	14.00 3734.2 up 27.4
09.00 3721.0 up 14.5	12.00 3719.0 up 21.5	15.00 3734.2 up 27.4
10.00 3722.0 up 22.4	13.00 3733.4 up 26.6	Close 3728.8 up 22.0

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# Bogey of inflation in danger of being deflated



ECONOMIC VIEW  
**HAMISH McRAE**

Could inflation revive, or is deflation set to rule? This is the great question affecting not just all financial markets and all companies, but all of us as savers and borrowers. The financial markets (and I suspect most of us as individuals) make an explicit assumption that inflation will tick along at about 3 per cent for the foreseeable future, at least in the UK. That is why it typically costs between 7 and 8 per cent for a mortgage: 3 per cent for inflation, and another 4 to 5 per cent real cost. But maybe this will be wrong. The annual inflationary outcome could average anything between zero (or maybe a negative, for that happened for much of the last century) and the high single figures if inflation revives. Most professional investors, if pressed, would expect the outcome to err on the downside. At the moment the risks of deflation appear greater than that of revived inflation. But that judgement, too, may be wrong. Perhaps inflation, in the short term at least, could come up quite fast. Perhaps, on the other hand, deflation could become much more serious than it seems now.

These twin dangers are the key points tackled in the new Bank for International Settlements annual report, published yesterday. For people unfamiliar with this publication, it is perhaps the best annual survey of the state of the world economy that anyone produces. It is the central bankers' view for the BIS is the central bankers' bank.

Perhaps it is that, or maybe something about it being an ivory tower in Basel that gives it a clarity and judgement to its views, or less charitably, the BIS simply has a number of high-quality people without a lot else to do. Be that as

it may, for anyone interested in the interaction between financial markets and the world economy the BIS annual report is very good. There is usually a theme to each year's commentary and this year it is that the moment of victory over inflation carries dangers of a different kind.

Price stability, the Holy Grail of central bankers, "has been reached, or almost reached, in a large number of countries in the industrial as well as the developing world". Instead there is the danger of disinflation: "... disinflationary forces will continue to exert an influence, as will the effects of excess capacity which characterises many of the industrial countries other than the United States. There is still an in-

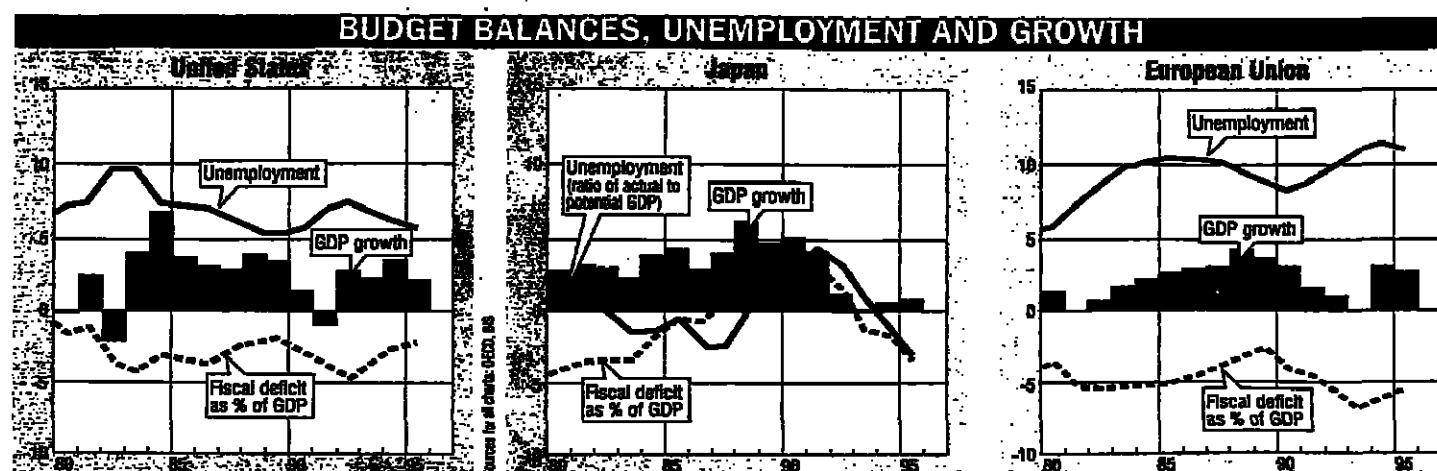
flationary threat, and this comes from two rather different sources. In North America the economy is close to full capacity, in Europe the level of structural unemployment may create such pressures that inflation is seen as a way out. In addition, many developing countries have high inflation. But on balance the forces bearing on inflation - those pushing it up and those pushing it down - are more balanced than for many years. With a nice long perspective, the BIS likens the present situation to that of the early 1920s when Keynes and Wicksell noted that central banks should be ready to resist both inflation and deflation. This reflection in itself is interesting, for throughout the post-war period it has been assumed that the appropriate stance for central banks is to lean against inflation. That position is still reflected in what central bankers always say, though not necessarily in what they do. Now the annual report of the central bankers club is warning of the other danger. That is a significant shift, reflecting a changed reality.

Besides, the BIS points out, the two most important macro-economic problems in the world have disin-

## 'Price stability, the Holy Grail of central bankers, has been reached'

flationary implications. These are fiscal deficits and reform of labour markets, particularly in Europe. The graphs, drawn from the BIS report, show these two problems for the three main developed country economic zones, the US, Japan and the European Union.

As you can see, the fiscal problem (the dotted line) is common to all three areas, now that Japan has plunged into deficit. We now have lower unem-



Add in the demographic changes each region will experience over the next 25 years and the underlying deficits are even larger. The longer a correction is delayed the greater the scale of the problem being generated. But of course in the short-term correcting a fiscal deficit probably has disinflationary effects.

The unemployment threat is also highlighted. Here the three zones have very different experience: the US has unemployment under control; in Japan it is concealed (the BIS took the ratio of actual to potential GDP as a measure of slack in the labour market, rather than actual published unemployment); and in Europe it is dreadful and getting more so. The danger is that the method of correcting these European levels of unemployment - freeing up labour markets - will in the short-run make the problem appear worse. The BIS does not say so, but UK experience is interesting here. We now have lower unem-

ployment than the other large European economies thanks to labour market reforms which have made it possible to expand the economy without running into pay pressures. But for much of the 1980s, only the unemployment was evident: the pay-off was not yet clear.

## 'The potential for change in the appetite for risk shouldn't be underestimated'

So what happens now? The BIS has no magic wand. It can warn that policies need to be balanced. It argues that alongside price stability we have to maintain financial stability, noting that the banking system in a number of countries, in particular Japan, remains fragile.

It devotes a considerable part of its conclusion to managing financial crises. Some readers may feel there is a coded signal here that the BIS

expects a rough period in the markets somewhere in the near future, but that is conjecture.

There is not quite a warning about present share price levels and the narrowing of the differential on low-quality bonds, but the phenomena are noted with this coda:

"The potential for an abrupt change in this appetite for risk should not be underestimated." The big point here, surely, is that we are on the cusp between the inflationary era which has dominated the entire post-war period, and something different.

For the entire lives of most people in the developed world there has been a background of inflation. Sometimes that has been sup-

pressed by pay and price policies; sometimes it has burst through into very rapid inflation - in some countries hyper-inflation. Sometimes it has simply receded into a background concern, something in the back of people's minds when they enter into a long-term financial contract, like the purchase of a house or a pension policy.

Now there is something different. Maybe there will be a new sudden surge of inflation, which could run for a while.

But it is hard to see that lasting, given the power of the bond markets to thump up interest rates, and the low-wage economies of East Asia to produce goods similar to our own at much cheaper prices.

But perhaps the something different is a longer period of deflation, something more akin to the 1920s. It is good to have central bankers warning of the dangers of deflation. This is both important and new.

### Foreign Exchange Rates

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
US	153.93	9.4	11.8	1000	2.1	2.4	2.4
Canada	2.085	0.3	0.3	125.80	2.1	2.4	2.4
Germany	2.3520	51.44	105.52	153.60	26.24	54.41	100.79
France	7.9881	136.10	334.363	520.35	73.86	217.07	335.77
Italy	237.57	58.73	155.89	551.4	44.81	123.35	170.03
Japan	167.04	75.73	225.28	109.08	45.44	136.33	210.69
ECU	1.6537	0.1	0.1	1.6537	0.1	0.1	0.1
Belgium	48.389	4.702	12.93	318.0	6.5	16.52	25.87
Denmark	8.0759	165.121	481.386	529.25	85.45	270.22	388.04
Netherlands	2.6331	69.82	162.32	17.95	35.32	107.12	178.5
Ireland	0.9737	7.3	20.14	157.28	4.7	12.17	14.44
Norway	11.053	220.50	310.30	155.61	42.17	104.40	142.82
Sweden	9.8445	21.5	63.45	129.59	25.47	64.72	84.377
Switzerland	13.355	0.6	1.9	8.738	98.123	299.10	438.35
Australia	1.9402	54.48	155.12	126.70	37.34	107.10	162.49
South Africa	1.9507	20.31	67.85	126.07	19.41	54.55	80.826
Hong Kong	1.1652	0.1	0.1	72.95	2.12	5.35	5.0387
Malaysia	3.5257	0.1	0.1	24.950	4.4	10.40	16.270
New Zealand	2.2250	45.57	132.52	145.54	32.957	95.43	132.957
Saudi Arabia	2.7432	0.0	0.0	37.505	2.7	9.14	24.447
Singapore	2.581	0.0	0.0	140.68	41.30	103.45	169.75

### Other Spot Rates

Country	Spot	Dollar	Country	Spot	Dollar
Argentina	152.55	0.0057	Chile	222.77	0.0044
Australia	1.9402	10.894	Colombia	155.57	0.0055
Brazil	1.5393	0.0044	Costa Rica	53.571	0.0055
China	2.7432	0.0044	Denmark	8.0759	0.0055
Egypt	2.5273	0.0044	France	7.9881	0.0055
Finland	2.2169	0.0044	Germany	2.3520	0.0055
Greece	240.022	0.0044	Italy	237.57	0.0055
India	52.893	0.0044	Japan	167.04	0.0055
Norway	0.4598	0.0044	South Africa	1.9507	0.0055

Forward rates quoted high to low are at a discount; subtract from spot rate. Rates quoted low to high are at a premium; add to spot rate. \*Dollar rates quoted as reciprocals. For the latest foreign exchange rates call 0801 125 3033. Calls cost 36p per minute (cheap rate) 45p other times.

### Interest Rates

UK	600%	Germany	250%	US	8.75%	Japan	0.50%
Prime	Discount	Discount	Discount	Prime	Discount	Discount	Discount
Interbank	3.80%	3.80%	3.80%	Discount	3.80%	3.80%	3.80%
10-Day Repo	3.80%	3.80%	3.80%	10-Day Repo	3.80%	3.80%	3.80%
Advances	2.80%	2.80%	2.80%	Repo (Avg)	3.70%	3.70%	3.70%

### Bond Yields

Country	Yield	Yield	Yield	Country	Yield	Yield	Yield
UK	7.1%	7.2%	7.3%	Netherlands	6%	6.2%	6.4%
US	8.25%	8.5%	8.75%	Spain	12.5%	12.75%	13%
Germany	5.51%	5.71%	5.91%	Italy	10.5%	10.75%	11%
France	5.21%	5.41%	5.61%	Sweden	5%	5.25%	5.5%
Denmark	5.1%	5.3%	5.5%	Switzerland	4.5%	4.75%	5%

### Money Market Rates

Overnight	7 Day	1 Month	3 Months	1 Year
Interbank	5.4%	5.4%	5.4%	5.4%
Local Authority Depos	5.4%	5.4%	5.4%	5.4%
Treasury Bills (91)	5.4%	5.4%	5.4%	5.4%
Dollar Cdn	5.4%	5.4%	5.4%	5.4%
ECU Unit Dep	5.4%	5.4%	5.4%	5.4%

### Tourist Rates

£ Buys			£ Buys			£ Buys		
Australia/Dollars	12800	France/Francs	77500	New Zealand/Dollars	22250			
Canada/Dollars	12800	Germany/Marks	24000	Portugal/Escudos	200000			
Denmark/Kroner	12800	Greece/Dramas	354000	Spain/Pesetas	165000			
Hong Kong/Dollars	12800	Italy/Lira	2340000	Sweden/Kronor	12800			
India/Rupees	12800	Japan/Yen	1650000	Switzerland/Francs	12800			
Malaysia/Ringgits	12800	UK/Pounds	12800	USA/Dollars	12800			

### Life Financial Futures

Contract	Settlement	High/Low	Estimate	Open
Long GB	100.00	100.10	100.00	100.00
Long US	100.00	100.10	100.00	100.00
Long Japan	100.00	100.10	100.00	100.00
Long Europe	100.00	100.10	100.00	100.00

### Energy

Oil (Brent)	Oil (WTI)	Oil (LME)	Oil (ICE)
Settlement	Settlement	Settlement	Settlement
37.10	37.10	37.10	37.10

### Commodity Indices

Index	Value	Index	Value
100-100	20345	100-100	20345
100-100	20345	100-100	20345

### Latest Unit Trust Prices

Stock	Sell	Buy	Yld	Stock	Sell	Buy	Yld
AXA Equity & Law Unit Trust Managers	77.00	77.00	2.88	AXA Equity & Law Unit Trust Managers	77.00	77.00	2.88
AXA Equity & Law Unit Trust Managers	77.00	77.00	2.88	AXA Equity & Law Unit Trust Managers	77.00	77.00	2.88

### Industrial Metals

Aluminum	Cash	3 mths	Volume	LME Stocks	Chg
Aluminum	1485.50	1534.35	58325	86550	+ 225
Aluminum	1485.50	1534.35	58325	86550	+ 225

### Precious Metals

Platinum	Cash	3 mths	Volume	LME Stocks	Chg
Platinum	2250.00	2250.00	401	252	+ 225
Platinum	2250.00	2250.00	401	252	+ 225

### Agricultural

Cocoa	Cash	3 mths	Volume	LME Stocks	Chg
Cocoa	1000.00	1000.00	100	100	+ 100
Cocoa	1000.00	1000.00	100	100	+ 100

### Other Index

May	Index	June	Index
May	100.00	100.00	100.00
May	100.00	100.00	100.00

### London Metal Exchange

Aluminum	Cash	3 mths	Volume	LME Stocks	Chg
Aluminum	1485.50	1534.35	58325	86550	+ 225
Aluminum	1485.50	1534.35	58325	86550	+ 225

### Precious Metals

Platinum	Cash	3 mths	Volume	LME Stocks	Chg
Platinum	2250.00	2250.00	401	252	+ 225
Platinum	2250.00	2250.00	401	252	+ 225

### Agricultural

Cocoa	Cash	3 mths	Volume	LME Stocks	Chg
Cocoa	1000.00	1000.00	100	100	+ 100
Cocoa	1000.00	1000.00	100	100	+ 100

### Other Index

May	Index	June	Index
May	100.00	100.00	100.00
May	100.00	100.00	100.00

### Key

on dividend  
change when units sold  
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new units  
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A more extensive list of Unit Trusts and Managed Funds, ranked by performance within each sector and including other details, is published in the Sunday edition of the Independent.











## sport

EURO 96

# The comparative ease with which Germany overcame the Czechs was further proof of their superiority in development

As a consequence of the abuse he has sometimes suffered in popular German newspapers, Bert Vogts's relations with reporters have been subject to frequent emotional disturbance. No, Vogts said calmly on the eve of Euro 96, no, he does not find the burden of history troublesome.

Vogts's most persistent critics interpret this as a challenge. They press Germany's national coach to admit the pressure of emulating, supposing that if he can just about get through the days the nights must make him nervous.

It is not just Germany's remarkable record of victory in four World Cups and three European Championships but also that all Vogts's predecessors, Sepp Herberger, Helmut Schön, Jupp Derwall and Franz

Beckenbauer, were winners. "Bertie keeps on insisting that it won't be a big disappointment personally if his name isn't added to that list, but I don't believe him for one moment," a veteran German football correspondent, Hartmut Scherzner, said before Germany played the Czech Republic at Old Trafford on Sunday.

German football has no patience with illusions. In reaching the final of the 1992 European Championship and the World Cup quarter-finals two years ago, Vogts has proved a capable successor to the charismatic Beckenbauer but much more is required of him in the present campaign. "I'm sure that most countries would celebrate getting to the final of a big football tournament, but Germany have taken part in so many that if we lose, the coach is no

longer safe," Scherzner added. "For example, Derwall won the European Championship in 1980, but didn't survive a loss to Italy in the World Cup final two years later."

Upholding the coach's right to ignore speculative intrusions, Vogts is discreetly vague about his team's prospects. "I was pleased with a lot of our play but there is room for improvement," he said shortly after Sunday's match.

Probably the football experience that brought Vogts most pleasure was playing at right-back when West Germany defeated the Netherlands in the 1974 World Cup final. Today's crop of players may not be able to match that team for individual excellence but they could turn out to be an excitingly modern combination. Dangerous conclusions are all too



COMMENTARY  
KEN JONES

easily reached at the start of a tournament but it cannot be imagined that there is a team out there with Germany's athleticism, speed and vigour. They are tall too, none

apart from Thomas Hässler standing much short of six feet.

Typically, you may think there were some dissenting British voices, including that of the former Manchester United and Scotland defender Martin Buchan, who expected more from the Germans technically. "They look very fit and strong, but frankly I was a bit disappointed," he said. "Of course, with Jürgen Klinsmann back from suspension they are bound to be a better team but I didn't see a lot that would frighten me if I was coming up against them."

What you cannot get away from is that despite Klinsmann's popularity when turning out for Tottenham Hotspur, the successes Germany have achieved are resented in this country, especially I think since

they reached the 1990 World Cup final by defeating England in a penalty shoot-out.

But nobody can avoid the fact that Germany have been impressively consistent for 30 years while England have made very little if any real progress. The contrast between England's muddled effort against Switzerland and the comparative ease with which Germany overcame the Czechs in what was thought to be a difficult opening game for them was further proof of their superiority in development.

But for the fussy referee, David Elleray irritatingly conspicuous – clearly a man among boys and a boy among men – and broke up the flow of a game that was never remotely violent, Germany may have added

to the impression that they are justifiably installed as favourites.

"I don't know anything about that," Vogts said. "I think this is a good team, a good squad and the players are well prepared, better than for the last World Cup when we had a problem with the conditions. To get so many yellow cards was a disappointment because we should have learned quickly from the referees' attitude."

A fanciful theory is that the Germans have given up on individual brilliance: no great stars, a sound method, powerful running with the ball, and collective authority. These are no bad things anyway, but in Hässler, the sweeper, Matthias Sammer, and Andreas Möller they have men who could elevate Vogts to the status of his predecessors.

## England's Dunkirk inspiration

A leading stress expert yesterday predicted that England would win the European Championship – despite reports that Terry Venables' squad are both mentally and physically exhausted.

"I will certainly be putting some money on them now," Cury Cooper, professor of organisational psychology at the University of Manchester, Institute of Science and Technology (Umisit), said. "I think the Dunkirk spirit will take over and the team will take off."

England, and Paul Gascoigne in particular, came under fire for the way Switzerland were allowed to get back into their opening Euro 96 Group A game on Saturday and secure a point in a 1-1 draw. Professor Cooper, a Manchester City supporter, said: "The expectations are lower as England have drifted out on the betting. But they can work this to their advantage and I am sure Terry Venables knows this. He is a good people manager and I wouldn't be surprised if he told his players to just go out and enjoy themselves."

"That's what I would do. That way you have a better chance of winning and I am convinced England will go on and prosper. I can't believe the pressure we have put on the team. It is astronomical and we have really built it up too much."

"People expect a lot of our sportsmen. This country has declined as a military and economic power: the empire is crumbling. Yet we expect success. It is part of our tradition, even though we are no longer a major force in the world."

"So we look for success in other fields, such as sport, and football in particular. When we don't get the results we demand there is an outcry," Cooper added. "It's unfair to heap all the blame on the players and say they should be able to perform well because they earn huge salaries. I heard someone say they should all burn their wage packets at the end of the pitch. That's nonsense."

"It is wrong to blame the players for the salaries they earn. That is determined by the marketplace and how much players in other countries, like

Italy and Holland, get paid. We have a lot of good players in this country but we love to criticise and put people down. We should leave Gascoigne alone and just appreciate the talents of one of the best players this country has produced."

Gary Neville, arguably England's best player against Switzerland, agrees that the puncturing of the balloon of expectation could work in the team's favour. "Of course we all wanted to win, all wanted to put on a really good performance, but it might not be such a bad thing," said Neville, who rejoined his squad-mates yesterday after a 48-hour break from the demands of the competition. "Some people are saying that it will put more pressure on us before the Scotland game, but on the contrary I think it might work the other way."

"I honestly think that it will take some of the pressure off us. We still have to win but, because we didn't play too well on Saturday, the level of expectation from the fans and the press might not be too great now."

The Manchester United youngster argued that the Switzerland game had also been an invaluable experience for a team containing seven players having their first experience of tournament football. "It was the first time I've played in a tournament, the first match of the Championship as well, and it was really difficult for us," he said. "One of the first things we said to each other in the dressing room on Saturday was that we simply didn't come out in the second half against Switzerland. We weren't at the races."

"I don't think any of us would really argue with that. We certainly couldn't blame the heat, because it was probably the coldest day of the week, and we were quite happy in that respect. While agreeing that the demands on the England players had mounted in the last few days before a game they had been expected to win quite comfortably. "It was different to anything else I've done," he said. "The build-up was different to anything I've been involved with before."



Target practice: Gianfranco Zola, Italy's attacking linchpin, hones his free-kick routines yesterday

Photograph: Neal Simpson/Emphas

## Zola aiming for the perfect 10

When it comes to inheriting hand-me-downs, the No 10 shirt can sometimes be more trouble than it is worth, particularly if it once belonged to Roberto Baggio. There can be no question that it will hang heavily with expectation upon the diminutive figure of Gianfranco Zola during Euro 96, but when you have been personally handed Diego Maradona's responsibility perhaps does not seem quite so intimidating. Today, against Russia at Anfield, he will need to justify the faith shown in him.

It has taken Zola a long time to step out of the shadow of Scirea's great. At Napoli he also had to contend with the Brazilian Careca as well as the formidable Argentinean, and it was not until he moved to Parma three seasons ago and was switched from midfield to attack that he really came into his own.

Now, aged 29, he has been handed the ultimate accolade: selection ahead of Baggio in the national team as partner to Fabrizio Ravanelli. It has not been one of Arrigo Sacchi's more popular decisions but then few have been. To Sacchi's detractors, Zola epitomises the work ethic which the coach holds so dear at the expense, they believe, of flair.

But that is to do Zola, a player of sharp skills and flawless technique, a disservice, even if to hear him talking it could be the coach himself. Zola, who was included in Sacchi's first selection in November 1991, denies that the accent on "team players" within the squad has been to the detriment of the skill factor, and as a consequence the absence of individuals such as Gianluca Vialli and Beppe Signori. "The Italian squad has many good players," he said. "We work a lot and get results. We are prepared to work for that success and if we do not win this tournament I promise you we will play well."

Such conviction is all the more impressive coming from one as modest as Zola, a humorous, affable little man too. Asked if he might follow some of his fellow Serie A performers to England when his contract with Parma expires in 1998, he replied: "Yes, I believe I can play here. As you can see I am well built for your high-ball game. I remember in Copenhagen two years ago in the Cup-Winners' Cup final I always seemed to be winning the aerial battles with Tony Adams."

### Clive White meets the Italy striker with much to prove in England

Zola's powers of compatibility, however, were tested to the limit last season when he was paired with Hristo Stoichkov, presumably his reward for getting on so well with Asprilla. "At Barcelona Stoichkov played in a certain mode and at Parma he has found it difficult to change," Zola said. "In Italy the football is hard work for

the forwards." Enough said. Despite the financial success of the Premiership, England will continue to struggle, he believes, to lure Europe's youngest and finest to these shores while Italy still offers the chance to "learn as well as earn."

He himself welcomed the opportunity of a fresh experience abroad ("perhaps England") but only when his contract ends at the age of 31. For the time being his thoughts are solely on Euro 96, which he regards as pay-back time. His appearance "after four years hard work" at the last World Cup lasted just 12 minutes when he became victim of one of that tournament's more absurd refereeing decisions, sent off in the second round match against Nigeria for an innocuous challenge.

Roberto Baggio came to the rescue of the 10 men that day with a memorable match-winning brace. Now it is up to Zola to aim for the perfect 10.

After the Stoke match, Arrigo Sacchi, the Italian coach, admitted: "The game was slow, mainly because of tiredness or possibly for psychological reasons. I watched the video attentively on Sunday and asked myself who was motivated and who wasn't. It helped me learn which players were concentrated. I want maximum commitment against Russia."

As expected, Fabrizio Ravanelli, who has scored five goals in nine internationals, has been left out of the starting line-up. Instead Gianfranco Zola and Pierluigi Casiraghi will form the strike force. Sacchi plans to use the silver-haired Ravanelli – the scorer of Juventus' goal in their European Cup final defeat of Ajax – in the second game against the Czech Republic, with Enrico Chiesa also hoping for a look-in.

The Russians have the opposite problem to an abundance of riches, as injuries have reduced coach Oleg Romanov's options. Key defenders, Spartak Moscow's Dmitri Khlestov and Ramiz Mamedov, had to be left behind while Sporting Gijon's Igor Ledakhov, who would have been his playmaker, is also out.

Consequently much responsibility will fall on Real Oviedo's Viktor Onopko, who can play either in midfield or defence, and Everton's Andrei Kanchelskis, who is a potential match-winner on the right wing. Certainly, the Russian strength is up front rather than at the back.

ITALY: Peruzzi (Juventus); Melli (Parma); Apolloni (Parma); Costacurta (Milan); Nedelko (Lazio); Albertini (Milan); Del Piero (Juventus); Zola (Parma); Casiraghi (Lazio). RUSSIA: To be announced.

## Italians prepare in the Potteries

Italy v Russia  
Today, Anfield  
4.30pm

GUY HODGSON

The image of Stanley Matthews draped from lamp posts in the host cities of Euro 96 – not to mention the great man's appearance at Wembley on Saturday – may have acted as a reminder for the Italians.

While one idiotic team travelled 6,000 miles to China to get a pre-tournament kick-about (and then wondered why they looked tired), Italy went to Matthews' spiritual home to hone their preparations, beating a Stoke City side comprising youth team members and YTS hopefuls 2-0 on Saturday night. Despite the less-than-compelling margin of victory, you suspect the latter was a better warm-up.

Having watched the other favourites for Group C, Germany, defeat the Czech Republic with their feet off the accelerator, the Italians begin their Euro 96 tonight at Anfield against Russia knowing defeat will make their chances of qualification to the quarter-finals extremely difficult. The pressure is on them rather than their less-fancied opponents.

After the Stoke match, Arrigo Sacchi, the Italian coach, admitted: "The game was slow, mainly because of tiredness or possibly for psychological reasons. I watched the video attentively on Sunday and asked myself who was motivated and who wasn't. It helped me learn which players were concentrated. I want maximum commitment against Russia."

As expected, Fabrizio Ravanelli, who has scored five goals in nine internationals, has been left out of the starting line-up. Instead Gianfranco Zola and Pierluigi Casiraghi will form the strike force. Sacchi plans to use the silver-haired Ravanelli – the scorer of Juventus' goal in their European Cup final defeat of Ajax – in the second game against the Czech Republic, with Enrico Chiesa also hoping for a look-in.

The Russians have the opposite problem to an abundance of riches, as injuries have reduced coach Oleg Romanov's options. Key defenders, Spartak Moscow's Dmitri Khlestov and Ramiz Mamedov, had to be left behind while Sporting Gijon's Igor Ledakhov, who would have been his playmaker, is also out.

Consequently much responsibility will fall on Real Oviedo's Viktor Onopko, who can play either in midfield or defence, and Everton's Andrei Kanchelskis, who is a potential match-winner on the right wing. Certainly, the Russian strength is up front rather than at the back.

ITALY: Peruzzi (Juventus); Melli (Parma); Apolloni (Parma); Costacurta (Milan); Nedelko (Lazio); Albertini (Milan); Del Piero (Juventus); Zola (Parma); Casiraghi (Lazio). RUSSIA: To be announced.

## EURO 96

Group A  
Netherlands 0 Scotland 0  
at Villa Park, 26.06.96

Group B  
Sweden 1 Denmark 1  
at Villa Park, 26.06.96

Group C  
Italy 1 Russia 0  
at Villa Park, 26.06.96

Group D  
Turkey 0 Croatia 0  
at Villa Park, 26.06.96

Group E  
Czech Republic 1 Germany 1  
at Villa Park, 26.06.96

Group F  
Spain 1 Bulgaria 1  
at Villa Park, 26.06.96

Group G  
France 1 Romania 1  
at Villa Park, 26.06.96

Group H  
England 1 Scotland 1  
at Villa Park, 26.06.96

Group I  
Sweden 1 Denmark 1  
at Villa Park, 26.06.96

Group J  
Czech Republic 1 Germany 1  
at Villa Park, 26.06.96

Group K  
Spain 1 Bulgaria 1  
at Villa Park, 26.06.96

Group L  
France 1 Romania 1  
at Villa Park, 26.06.96

Group M  
England 1 Scotland 1  
at Villa Park, 26.06.96

Group N  
Sweden 1 Denmark 1  
at Villa Park, 26.06.96

Group O  
Czech Republic 1 Germany 1  
at Villa Park, 26.06.96

Group P  
Spain 1 Bulgaria 1  
at Villa Park, 26.06.96

Group Q  
France 1 Romania 1  
at Villa Park, 26.06.96

Group R  
England 1 Scotland 1  
at Villa Park, 26.06.96

Group S  
Sweden 1 Denmark 1  
at Villa Park, 26.06.96

Group T  
Czech Republic 1 Germany 1  
at Villa Park, 26.06.96

Group U  
Spain 1 Bulgaria 1  
at Villa Park, 26.06.96

Group V  
France 1 Romania 1  
at Villa Park, 26.06.96

Group C  
Italy 1 Russia 0  
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at Villa Park, 26.06.96

Group W  
England 1 Scotland 1  
at Villa Park, 26.06.96

Group X  
Sweden 1 Denmark 1  
at Villa Park, 26.06.96

Group A  
Netherlands 0 Scotland 0  
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